

BARINGS



Annual Report & Audited Financial Statements

for the year ended 30 September 2021

Barings Emerging EMEA
Opportunities PLC

(formerly Baring Emerging Europe PLC)

Finding quality companies from Emerging Europe, the Middle East and Africa

The Company was launched on 18 December 2002 as Baring Emerging Europe PLC. As of 16 November 2020, the Company was renamed Barings Emerging EMEA Opportunities PLC (“BEMO”).

The Company’s investment objective is to achieve capital growth, principally through investment in emerging and frontier equity securities listed or traded on Eastern European, Middle Eastern and African (“EMEA”) securities markets.

BEMO is a public limited company with shares quoted on the London Stock Exchange. You can invest in BEMO by purchasing shares through an online investment platform operated by third-party providers. Alternatively, you can buy shares through a financial adviser or a stockbroker. As an investor you become a shareholder in the Company.

Becoming a shareholder of BEMO provides access to the skill and expertise of the established investment team’s active management of the stock market investments, whilst providing an attractive level of income.

For more information please visit our website: www.bemopl.com



Why invest in BEMO?

UNDISCOVERED VALUE

Emerging EMEA is under researched compared to other emerging markets – providing an extensive opportunity to identify quality companies with unrecognised growth potential at attractive valuations.

LONG-TERM POTENTIAL

Many of these economies are only just embarking on the technological and consumer shifts, such as e-commerce, that have already generated sustained growth in developed markets.

ACTIVE MANAGEMENT

This actively-managed portfolio gives concentrated exposure to 30-60 of the very best ideas to be found across the Emerging EMEA region – with a strong focus on environmental, social and governance factors.

BEMO In the News

The Company was profiled in the *Mail on Sunday*'s popular 'Fund Focus' column on 21 November 2021. In a positive article, Jeff Prestridge (the *Mail on Sunday*'s Personal Finance Editor) said of BEMO's investment strategy: "Its forte is in extracting gains from the equity markets of Emerging Europe, the Middle East and Africa – eschewing those in Asia and South America. It's a skill that stands Barings apart from many of its rivals".

For the latest BEMO news and views visit www.bemopl.com where you can also register for email updates on the Company's progress.



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COMPANY SUMMARY

Barings Emerging EMEA Opportunities PLC (the "Company") was incorporated on 11 October 2002 as a public limited company and is an investment company in accordance with the provisions of Section 833 of the Companies Act 2006 (the "Act"). It is a member of the Association of Investment Companies (the "AIC"). The ticker is BEMO.

As an investment trust, the Company has appointed an Alternative Investment Fund Manager, Baring Fund Managers Limited (the "AIFM"), to manage its investments.

The AIFM is authorised and regulated by the Financial Conduct Authority (the "FCA"). The AIFM has delegated responsibility of the investment management for the portfolio to Baring Asset Management Limited (the "Investment Manager" or "Manager"). Further information on the Investment Manager, their investment philosophy and management of the Investment Portfolio can be found on pages 12 to 22.

MANAGEMENT FEE

With effect from 13 November 2020, the AIFM agreed to a reduction in the investment management fee from the previous level of 0.80% of the net asset value ("NAV") of the Company to 0.75% of the NAV of the Company per annum. This is paid monthly in arrears based on the level of net assets at the end of the month.

INVESTMENT OBJECTIVE AND POLICY

The Company's current investment objective and policy can be found on pages 7 and 8.

BENCHMARK

The Company's comparator benchmark is the MSCI Emerging Markets EMEA Index (net dividends reinvested) (the "Benchmark").

This Benchmark is considered to be most representative of the Company's investment mandate, which covers Emerging Europe, the Middle East and Africa.

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Financial Highlights

for the year ended 30 September 2021

Annualised NAV total return^{1,#}

+36.6%

2020: -22.3%

Share price total return^{1,#}

+39.7%

2020: -27.5%

Dividend per Ordinary Share^{1,#}

26p

2020: 25p

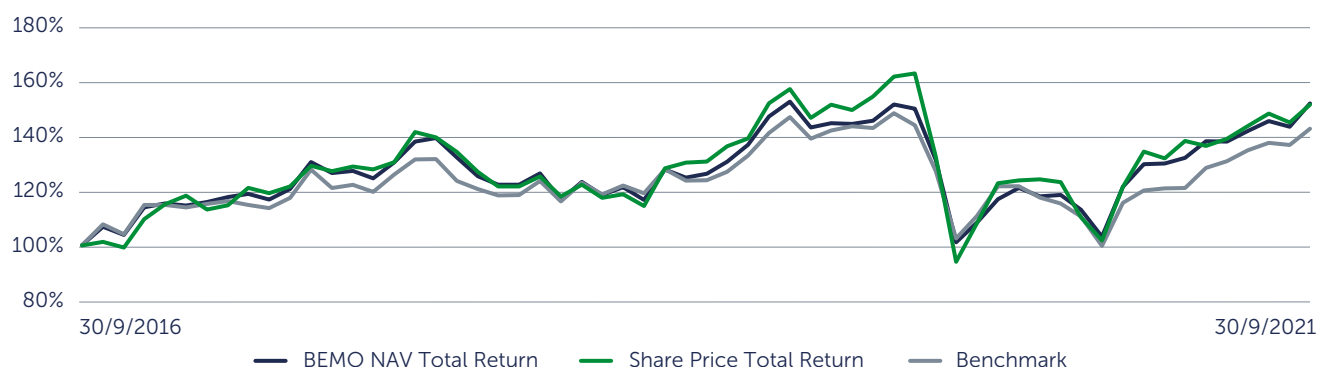
For the year ended 30 September	2021	2020	% change
NAV per Ordinary Share ¹	920.7p	694.7p	+32.5%
Share price	793.0p	587.0p	+35.1%
Share price total return ^{1,#}	+39.7%	-27.5%	—
Benchmark (annualised) ¹	+33.3%	-22.6%	—
Discount to NAV per Ordinary Share ¹	13.9%	15.5%	—
Dividend yield ^{1,2}	3.3%	4.3%	—
Ongoing charges ¹	1.62%	1.48%	—

	Year ended 30 September 2021			Year ended 30 September 2020		
	Revenue	Capital	Total	Revenue	Capital	Total
Return per Ordinary Share	23.86p	225.16p	249.02p	18.40p	-220.52p	-202.12p

Revenue return (earnings) per Ordinary Share is based on the revenue return for the year of £2,912,000 (2020: £2,281,000). Capital return per Ordinary Share is based on net capital gain for the financial year of £27,476,000 (2020: loss £27,339,000). These calculations are based on the weighted average of 12,202,696 (2020: 12,397,456) Ordinary Shares in issue, excluding treasury shares, during the year.

At 30 September 2021, there were 12,044,780 (2020: 12,276,025) Ordinary Shares of 10 pence each in issue which excludes 3,318,207 (2020: 3,318,207) Ordinary Shares held in treasury. The shares held in treasury are not included when calculating the weighted average of Ordinary Shares in issue during the year. All shares repurchased during the year have been cancelled.

CUMULATIVE PERFORMANCE (%)



Source: Barings, Factset.

¹Alternative Performance Measures ("APMs") definitions can be found in the Glossary on pages 87 to 89.

²% based on dividend declared for the full year.

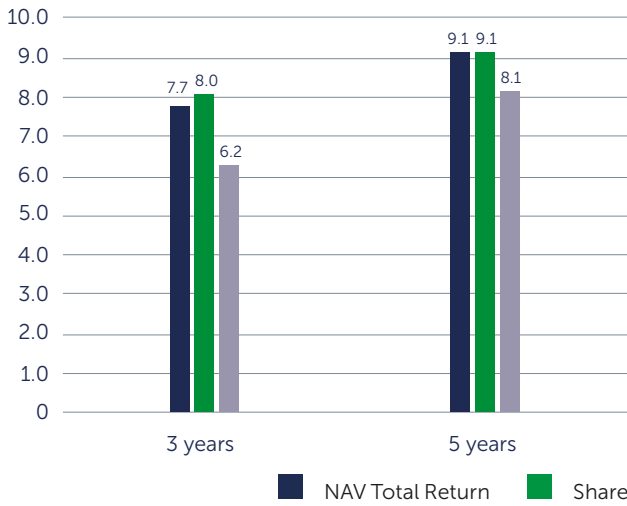
Key Performance Indicator.

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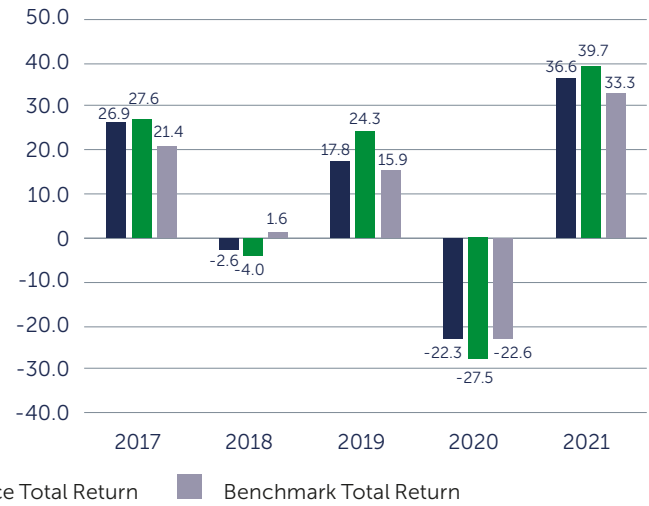
Five Year Financial Record

At 30 September	2021	2020	2019	2018	2017
Shareholders' funds	£111m	£85m	£116m	£108m	£123m
NAV per Ordinary Share	920.7p	694.7p	930.8p	824.8p	878.0p
Share price	793.0p	587.0p	846.0p	714.0p	775.0p

ROLLING ANNUALISED PERFORMANCE (%)

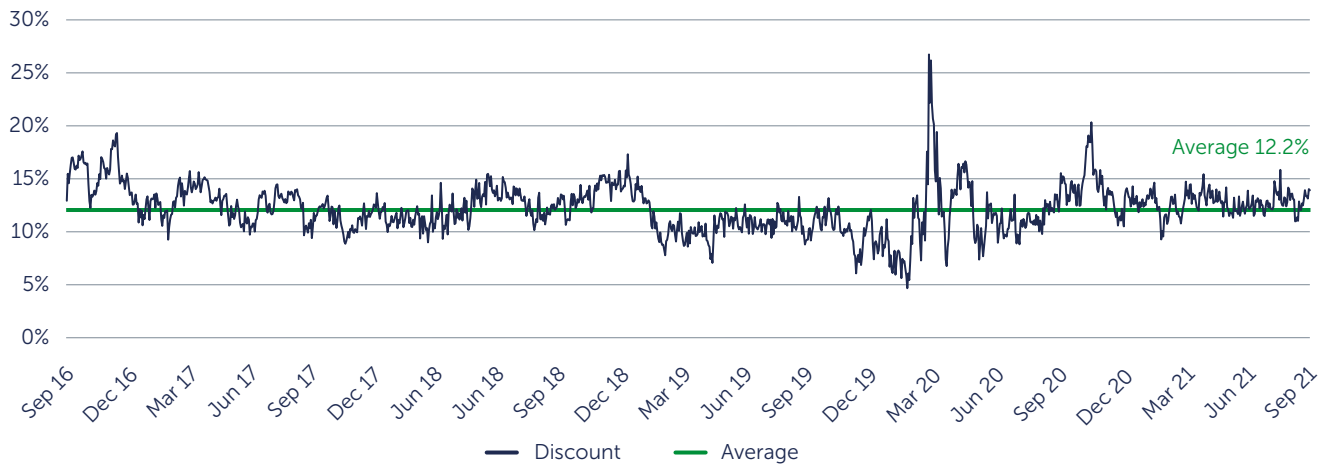


ANNUAL PERFORMANCE (%)



Source: Barings, Factset.

SHARE PRICE DISCOUNT TO NAV OVER FIVE YEARS



Source: Barings, Factset.

Chairman's Statement



Frances Daley
Chairman

“ Our Investment Manager was not only able to deliver a strong return in absolute terms, but also a significant outperformance relative to the Benchmark. This result was largely attributable to stock selection, whilst the portfolio also benefited from the broadening of the investment mandate and the increased diversification of its investments.”

I am delighted to present the results for the year ended 30 September 2021. This was a period of significant change for the Company, following Shareholders' approval of a broadened investment mandate to include the emerging markets of Europe, the Middle East and Africa in November last year.

A year ago, I wrote at a time of continued global uncertainty over COVID-19 and governments' responses to it. The twelve months that have passed since have been remarkable. Our region's equity markets, after being amongst the hardest hit in the earlier stages of the pandemic, rebounded strongly as the successful development of a number of COVID-19 vaccines allowed economies globally to reopen.

Against this backdrop, our Investment Manager was not only able to deliver a strong return in absolute terms, but also significant outperformance relative to the Benchmark. This result was largely attributable to stock selection, based on our Investment Manager's fundamental bottom-up investment process.

The portfolio has also benefited from the broadening of the investment mandate. The effect has been to increase the diversification of the investment portfolio. The portfolio now comprises investments across eleven different countries and currencies, and enjoys a deeper pool of potential stock picks. The benefit of reduced vulnerability to negative developments in particular countries is exemplified by Turkey. With Turkey now making up just 2.6% of the portfolio compared to 8.1% at the end of the prior financial year, the volatility of the country's equity market over the period had a negligible impact on the Company's performance.

Performance

The NAV total return over the year was +36.6% compared to the Benchmark return of +33.3%. On a relative basis, this represents an outperformance of +2.4% versus the Benchmark. Over the long term, the Company's annualised NAV total return was +7.7% over three years and +9.1% over five years. This remains comfortably ahead of the Benchmark, which returned +6.2% and +8.1% respectively.

Our region also delivered an impressive performance relative to both developed and emerging market peers. By contrast, the total return from developed European equities was 22.0%, whilst global emerging market equities gained 13.3%¹. This recovery across emerging EMEA equities is particularly impressive given that the region's economies and financial markets were among the worst hit in the world by the first shockwaves of the pandemic last year.

As economies tentatively began to recover from the pandemic the share prices of companies whose fortunes are closely aligned to the economic cycle, and had been hardest hit by COVID-19, tended to perform most strongly. This was despite many of these businesses still facing uncertain outlooks and weak profitability. This is not the type of company generally held in the portfolio, as our Manager believes that the most effective way to deliver attractive returns to Shareholders is to invest in structurally growing companies

¹ As defined by the MSCI Europe Net (Developed Europe) and MSCI Emerging Markets Net (Global Emerging Markets) indices.

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Chairman's Statement

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rather than those tied to the economic cycle. It is therefore worthy of note that our portfolio performed significantly better than the Benchmark, driven by the success of our Manager's stock selection. This was despite the cyclical stocks that benefitted most from the upturn in the economic cycle not being as widely held in the portfolio.

I would like to thank the team at Barings for managing what has been a period of great change for the Company and its portfolio.

Environmental, Social and Governance

The Investment Manager continues to incorporate Environmental, Social and Governance ("ESG") parameters as a key element of the investment process and company analysis, to reflect improving or deteriorating corporate standards that may influence a company's value. This approach enables the Investment Manager to uncover potential unrecognised investment opportunities, whilst also mitigating risks. The Investment Manager also undertakes active engagement to positively influence ESG practices and improve ESG disclosures.

During the year, the Board discussed with the Investment Manager their approach to ESG, the challenges posed by countries across our region and reviewed some examples of companies they have engaged with. This process included a series of online meetings with the management teams of some of the companies the Company is invested in. We also discussed the opportunities that ESG presents, specifically as it relates to renewable energy sources and a future world less dependent on fossil fuels. One particular area of interest is the transition to greener energy sources. The Investment Manager believes that the portfolio is well positioned to be able to invest in businesses positively exposed to energy transition and renewables themes.

The Board shares the Investment Manager's view that ESG factors are among some of the most important variables that can impact on investment's risks and returns over time. Further detail on the Investment Manager's ESG process and approach to active engagement can be found in the Investment Manager's Report.

Discount Management

The discount at year-end was 13.9% compared with 15.5% for the end of the prior year. The average discount during the year was 13.1%. During the year, 231,245 Ordinary Shares were bought back and cancelled at an average price of £7.41 per Ordinary Share, for a total cost of £1,715,000. The share buybacks added approximately 2.1 pence per Ordinary Share to NAV, accounting for just under 0.2% of the total return to Shareholders.

Gearing

There were no borrowings during the period. At 30 September 2021, there was net cash of £1.7 million (30 September 2020: £1.7 million). The Company does not currently make use of a loan facility but keeps its borrowing arrangements and gearing policy under review.

Dividends

In respect of the six-month period ended 31 March 2021, the Company paid an interim dividend of 15 pence per share (2020: 15 pence per share). For the year under review, the Board recommends a final dividend of 11 pence per share (2020: 10 pence per share). This amounts to a total dividend for the year of 26 pence per share (2020: 25 pence per share), equivalent to a yield of around 3.3% on the year end share price of 793p. This payment is not fully covered by the income account, which produced net revenue per share of 23.86 pence per share (2020: 18.40 pence). However, it reflects our confidence in the ability of the Investment Manager to sustainably grow the underlying revenue generated by the portfolio over the medium term. The Board remains committed to enhancing the appeal of investing in the Company by providing Shareholders with an attractive level of income.

Promotional Activity and Keeping Shareholders Informed

The Board and Investment Manager have put in place a promotional programme that seeks to raise the Company's profile and its investment remit, particularly amongst retail investors. The aim is to benefit all Shareholders by generating sustained interest in, and demand for, the Company's shares. As part of the plan, the Company's website has been refreshed with new themed content, a portfolio and pricing feed, plus detailed information on investing through online investment trading platforms, where many retail investors now buy their shares. We have also put in place an email communications programme to enhance engagement with the Company's existing shareholders, as well as with other supporters. These email updates provide relevant news and views plus performance updates. I encourage you to sign up for these targeted communications by visiting the Company's web page at www.bemopl.com and clicking on 'Register for email updates'.

Chairman's Statement

(continued)

Annual General Meeting

The Board would be delighted to meet Shareholders at the Company's Annual General Meeting ("AGM"), to be held at the offices of the Investment Manager, 20 Old Bailey, London EC4M 7BF, on Tuesday, 25 January 2022 at 2:30 p.m. The Investment Manager will give their customary presentation on the markets and the outlook for the year ahead. Details can be found in the Notice of the AGM, which has been circulated separately to this report.

While we hope that you are able to attend, the Directors are aware that government guidance or regulation to contain the spread of COVID-19 might change and if we are obliged to change the arrangements for the AGM after publishing this document, details will be published via RNS and our website.

Articles of Association

The Company's Annual General Meeting in 2021 could not be held as normal as a result of COVID-19 restrictions. Electronic or hybrid meetings would allow greater Shareholder participation in future Annual General Meetings or other general meetings should similar situations arise. Electronic and hybrid meetings are only permitted if expressly provided for in the Company's Articles of Association. As currently drafted, the Company's Articles of Association do not allow for hybrid meetings. The Board is therefore proposing a Special Resolution at the Annual General Meeting to be held on 25 January 2022 that the Articles of Association be amended to allow for hybrid meetings and to capture any significant regulatory changes since the drafting of the current Articles of Association. Whilst the Board is proposing a provision for hybrid meetings, it is the Board's preference, restrictions permitting, for Annual General Meetings to be held in person as the Board welcomes the opportunity to meet and engage with Shareholders.

Outlook

Since the year-end, equity markets have continued to extend their recovery from the lows of 2020, reflecting optimism that the global economic recovery will continue. After this strong rebound in economic activity, worries now centre around inflationary pressures caused by the release of pent-up demand and the consequential disruption to global supply lines. In turn, this has led to concerns that the stimulatory monetary policies followed by central banks around the world might be reversed with adverse effects on equity markets.

Despite these global concerns, there are reasons to be optimistic for the emerging EMEA asset class. We have continued to see a recovery in earnings growth across many of the companies in our investment universe. This trend bodes well for the performance of the portfolio and the income generated by the companies in the portfolio. Underpinning this earnings growth is the strength of the consumer. High disposable income growth across most parts of the region, combined with ongoing efficiency gains, will remain a key driver of earnings over the medium term. The case for investment in the region's equities also comprises a degree of resilience against inflationary pressures. This has been most evident in recent months, where rising energy prices have helped support economic activity and stock market performance across some of region's markets. This will continue to be important over the coming months as inflationary pressures persist.

Liquidity across the region is improving, underpinned by the increased participation of retail investors. We believe this trend is set to continue, and will help to support portfolio diversification and valuations.

Finally, against a backdrop of monetary tightening, the region will continue to benefit from the flexibility provided by the independent monetary policy framework that has been established in most of the countries (one obvious current exception being Turkey).

The impact of some of these positive trends can be seen in the performance of markets across the region. For example in U.S. Dollar terms, both Russia and Saudi Arabia are at multi-year highs.

These factors should help contribute to the increasing attractiveness of emerging EMEA equities as an asset class, whilst the Company's diversified portfolio is well placed to continue to deliver attractive returns for our Shareholders.

Frances Daley

Chairman

3 December 2021

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Business Model and Strategy

Business Model and Strategy

The Company has no employees and the Board is comprised of Non-Executive Directors. The day-to-day operations and functions of the Company have been delegated to third-party service providers, which are subject to the ongoing oversight of the Board. In line with the stated investment philosophy, the Manager takes a bottom-up approach, founded on research carried out using the Manager's own internal resources. This research, which has a strong focus on environmental, social and governance issues, enables the Manager to identify what it believes to be the most attractive stocks in EMEA markets. Further information can be found on pages 20 to 22.

The Company's Investment Objective and Policy was changed on 13 November 2020, following approval from Shareholders in a general meeting.

Purpose, Values and Strategy

The Company's primary purpose is to meet its investment objective to deliver capital growth, principally through investment in emerging and frontier equity securities listed or traded on EMEA markets. To achieve this, the Board uses its breadth of skills, experience and knowledge to oversee and work with the Investment Manager, to ensure that it has the appropriate capability, resources and controls in place to actively manage the Company's assets to meet its investment objective. The Board also select and engage reputable and competent organisations to provide other services on behalf of the Company.

The Company's values focus on transparency, clarity and constructive challenge. The Directors recognise the importance of sustaining a culture that contributes to achieving the purpose of the Company that is consistent with its values and strategy. Further detail on culture can be found on page 29.

Investment Objective

The Company's investment objective is to achieve capital growth, principally through investment in emerging and frontier equity securities listed or traded on Eastern European, Middle Eastern and African (EMEA) securities markets. The Company may also invest in securities in which the majority of underlying assets, revenues and/or profits are, or are expected to be, derived from activities in EMEA but are listed or traded elsewhere (EMEA Universe).

Investment Policy

The Company intends to invest for the most part in emerging and frontier equity listed or traded on EMEA securities markets or in securities in which the majority of underlying assets, revenues and/or profits are, or are expected to be, derived from activities in EMEA but are listed or traded elsewhere. To achieve the Company's

investment objective, the Company selects investments through a process of bottom-up fundamental analysis, seeking long-term appreciation through investment in mispriced companies.

Where possible, investments will generally be made directly into public listed or traded equity securities including equity-related instruments such as preference shares, convertible securities, options, warrants and other rights to subscribe or acquire equity securities, or rights relating to equity securities.

It is intended that the Company will generally be invested in equity securities; however, the Company may invest in bonds or other fixed-income securities, including high risk debt securities. These securities may be below investment grade. The number of investments in the portfolio will normally range between 20 and 65.

The Company may invest in unquoted securities, but the amount of such investment is not expected to be material. The maximum exposure to unquoted securities should be restricted to 5% of the Company's gross assets, at the time of investment, in normal circumstances. The Company may also invest in other investment funds in order to gain exposure to EMEA countries or gain access to a particular market, or where such a fund represents an attractive investment in its own right. The Company will not invest more than 10% of its gross assets in other UK listed closed-ended investment funds, save that, where such UK listed closed ended investment funds have themselves published investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds, the Company will invest not more than 15% of its gross assets in such UK listed closed ended investment funds.

Whilst there are no specific limits placed on exposure to any one sector or country, the Company seeks to achieve a spread of risk through continual monitoring of the sector and country weightings of the portfolio. The Company's maximum limit for any single investment at the time of purchase is the higher of 15% of gross assets or the weight of the purchased security in the comparator benchmark plus 5%, with an upper maximum limit of 20% of gross assets (excluding for cash management purposes).

Relative guidelines will be based on the Morgan Stanley Capital International "MSCI" Emerging Markets EMEA Index (net), which will be the index used as the benchmark.

The Company may use borrowed funds to take advantage of investment opportunities. However, it is intended that the Company would only be geared when the Directors, advised by the Investment Manager, have a high level of confidence that gearing would add significant value to the portfolio. The Investment Manager has discretion to operate with an overall exposure of the portfolio to the market of between 90% and 110%, to include the effect of any derivative positions.

Business Model and Strategy

(continued)

The Company may use derivative instruments for the purpose of efficient portfolio management (which includes hedging) and for any investment purposes that are consistent with the investment objective and policies of the Company.

On 13 November 2020, the Company announced it had received Shareholder approval to broaden its investment mandate to focus on investing in emerging equity securities listed or traded on Emerging European, Middle Eastern and African ("EMEA") securities markets. The previous Investment Objective and Investment Policy of the Company can be found on page 90.

Benchmark

The Company's comparator Benchmark is the MSCI Emerging Markets EMEA Index (net dividends reinvested).

Discount Control Mechanism

The Board is aware of Shareholders' continued desire for a strong discount control mechanism, though also mindful of the need to provide the Company the opportunity to achieve its goal of outperforming its Benchmark.

With effect from 1 October 2020, the Board approved a tender offer trigger mechanism to provide Shareholders with a tender offer for up to 25% of the Company's issued Ordinary Share capital if:

- (i) the average daily discount of the Company's market share capital to its net asset value ('cum-income') exceeds 12%, as calculated with reference to the trading of the Company's shares over the period between 1 October 2020 and 30 September 2025; or
- (ii) the performance of the Company's net asset value per share on a total return basis does not exceed the return on the MSCI Emerging Markets EMEA Index (net) by an average of 50 basis points per annum over the Calculation Period.

Please refer to the shareholder circular dated 19 October 2020 for further details.

In addition, and in order to reduce the discount, the Board authorises the Company's shares to be brought on the market, from time to time, where the share price is quoted at a discount to NAV.

Barings Emerging EMEA Opportunities PLC

- Focusing on the markets of Emerging Europe, the Middle East and Africa, the Company seeks out attractively valued, quality companies across this diverse and fast-changing region.
- Large investment region underrepresented in global portfolios, with a portfolio that aims to deliver both attractive levels of income and capital growth over the long-term.
- Managed by one of the region's most experienced investment teams with a consistent track record of delivering relative outperformance.
- A differentiated and innovative investment process driven by fundamental bottom-up analysis – with a strong focus on environmental, social and governance factors.

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Principal and Emerging Risks

Principal Risks and Uncertainties

The Company is exposed to a variety of risks and uncertainties. The Board, through delegation to the Audit Committee, has undertaken a robust assessment of both the emerging and principal risks facing the Company, together with a review of any evolving risks which may have arisen during the year, including those risks which would threaten the Company's business model, future performance, solvency or liquidity. These risks are formalised within the Company's risk matrix.

The Audit Committee regularly (on a six-monthly basis) review the risks facing the Company by maintaining a detailed record of the identified risks against an assessment of the likelihood of such risks occurring and the severity of the potential impact of such risks. A residual risk rating is then calculated for each risk based on the outcome of the assessment. This enables the Board to take action and develop strategies in order to mitigate the effect of such risks to the extent possible. An analysis of financial risks can be found in note 14 to the Financial Statements on pages 80 to 84.

Information about the Company's internal control and risk management procedures can be found in the Audit Committee Report on pages 51 to 55. The principal financial risks and the Company's policies for managing these risks and the policy and practice with regard to financial instruments are summarised in note 14 to the Financial Statements.

The principal risks and uncertainties faced by the Company during the financial year, together with the potential effects, controls and mitigating factors, are set out in the following table. The Audit Committee will continue to assess these risks on an ongoing basis.

Risk	Mitigation
<p>Investment strategy</p> <p>There can be no guarantee that the investment objective will be achieved.</p>	<p>The Investment Manager has a clear investment strategy, as set out on pages 13 to 22, which is regularly reviewed by the Board. The Investment Manager has in place a dedicated investment process which is designed to maximise the chances of the investment objective being achieved. The Board reviews regular investment reports from the Investment Manager to monitor performance against its stated objective and regularly reviews the strategy. All of the Company's investments are listed on recognised stock exchanges and the liquidity of individual investments is monitored by the Investment Manager and the Board.</p>
<p>Adverse market conditions</p> <p>Emerging markets are subject to volatile geopolitical and socioeconomic movements as well as the possible imposition of selective sanctions. This may have an impact on the liquidity of individual investments. Events such as health pandemics or outbreaks of disease may lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.</p>	<p>The Company is closed-end and, unlike open-ended funds, does not have to sell investments at low valuations in volatile markets.</p> <p>It can be argued that the most effective method of protecting the Company from the effects of country specific or individual stock risks is to hold a geographically diversified portfolio spread across a diversified portfolio of stocks. As at the date of this report, the Company holds 51 stocks in 11 countries and the AIFM has the ability, where necessary, to diversify the portfolio into other regions. The AIFM has a clear investment strategy as set out on pages 13 to 22. Whilst recognising there will be periods when this strategy underperforms the Benchmark and peer group, the Board monitors performance at each Board meeting and reviews the investment process throughout the year.</p> <p>The Investment Manager's own internal compliance functions provide robust checks that the Investment Manager complies with the investment mandate.</p> <p>The Board recognises the benefits of a closed-end fund structure in extremely volatile markets such as those affected by the COVID-19 pandemic. Unlike open ended funds, closed-ended funds are not obliged to sell-down portfolio holdings at potentially low valuations to meet liquidity requirements for redemptions. During times of elevated volatility and market stress, the ability of a closed-end fund structure to remain invested for the long term enables the Investment Manager to adhere to the investment management approach and be ready to respond to dislocations in the market as opportunities present themselves.</p>

Principal and Emerging Risks

(continued)

Risk	Mitigation
<p>Size of the Company The size of the Company could become sub optimal as share buybacks reduce the Company's market capitalisation.</p>	<p>The Investment Manager discusses and agrees with the Board prior to making any buybacks of the Company's shares within the agreed parameters. The Investment Manager and Corporate Broker are in regular contact with major institutional investors and report their views to the Board on a regular basis.</p>
<p>Share price volatility and liquidity/marketability risk The shares of the Company are traded freely and are therefore subject to the influences of supply and demand and investors' perception to the markets the Company invests in. The share price is therefore subject to fluctuations and like all investment trusts may trade at a discount to the NAV. Market shocks, such as those related to COVID-19, could continue to have a negative impact on the share price.</p>	<p>The Board seeks to narrow the discount by undertaking measured buybacks of the Company's shares. The Company and Investment Manager work with the Corporate Broker to seek to increase demand for the Company's shares.</p> <p>The Board remains committed to an increased focus on dividend yield to further enhance the appeal of investing in the Company and increase demand for its shares. The Board has also put in place a comprehensive range of promotional plans to support existing shareholders and attract new investors.</p> <p>In addition, as set out on page 8, the Company has performance triggers in place, which may provide Shareholders with the opportunity to realise their investment in the Company at NAV less costs, should the Company not meet targets relating to average discount or performance over a five year period.</p>
<p>Loss of assets The portfolio includes investments held in a number of jurisdictions and there is a risk of a loss of assets.</p>	<p>The Investment Manager and Administrator have systems in place for executing and settling transactions and for ensuring assets are safe. In addition, the Company uses an internationally recognised Custodian and sub Custodians and receives regular reports of assets held, which the Administrator reconciles. The operation of the Custodian is overseen and reviewed by the Depositary which reports regularly to the Board.</p>
<p>Engagement of third-party service providers The Company outsources all of its operations to third parties and is therefore reliant on those third parties maintaining robust controls to prevent the Company suffering financial loss or reputation as damage. Further, the emergence of health pandemics, such as COVID-19, may have an impact on the operational robustness of third-party service providers and their ability to conduct business as usual.</p>	<p>The Company operates through a series of contractual relationships with its service providers. In the instance an epidemic and or pandemic develops internationally, the Investment Manager is able to take proactive steps to address the potential impacts on their people, clients, communities and any other stakeholders they come in contact with, directly or through their premises. This includes suspending all international business and domestic travel. Further, the Investment Manager has performed stress-testing on systems and processes, and is able to operate under a 100% remote working model globally without a degradation in their responsibilities.</p> <p>The Board reviews the performance of all service providers both in Board meetings and in the Management Engagement Committee meeting, where the terms on which the service providers are engaged are also reviewed.</p> <p>The Audit Committee also receives internal controls reports from key service providers. The Board assesses whether relevant controls have been operating effectively throughout the period.</p>

In addition to the principal risks outlined above, the Board has considered a number of issues that it views as emerging risks. This included a discussion around the continued impact of COVID-19 and the ongoing implications of the United Kingdom's withdrawal from the European Union. The COVID-19 pandemic has given rise to unprecedented challenges for businesses and economies across the globe and the Board has taken into consideration the risks posed to the Company by the crisis and incorporated these into the Company's risk matrix.

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Principal and Emerging Risks

(continued)

The Board also considered the impact of climate change, which remains a critical issue as the world seeks to reduce greenhouse gas emissions and help combat global warming. However, a global transition towards a lower carbon world may also provide attractive investment opportunities. Management of the portfolio, including the integration of ESG considerations into portfolio construction, is delegated to the Investment Manager. The Board spent time over the year discussing with the Investment Manager its ESG framework, including how ESG considerations are integrated into the investment decision-making process. Further detail on the Investment Manager's ESG process and approach to active engagement can be found in the Investment Manger's Report.

The Audit Committee routinely reviews the principal risks and makes the required updates to the Company's risk matrix as required. This approach allows the effect of any mitigating factors to be reflected in the assessment of the risk.

The risk register and the operation of the key controls of the Company's third-party service providers' systems of internal control are reviewed regularly by the Audit Committee.

Emerging risks are considered by the Board as they come into view, the immediate significance will be evaluated and the potential implications integrated into the existing review of the Company's risk matrix.

Investment Manager



MATTHIAS SILLER, CFA
Head of EMEA Equities Team



MARIA SZCZESNA, CFA
Investment Manager



ADNAN EL-ARABY, CFA
Investment Manager

Management Arrangements and Fees

Baring Fund Managers Limited acts as the AIFM of the Company under an agreement, terminable by either party giving not less than six months written notice. During the year under review, and under this agreement, the AIFM received a fee calculated monthly and payable at an annual rate of 0.80% of the NAV of the Company, together with any applicable VAT thereon and any out of pocket expenses incurred by the AIFM. With effect from 13 November 2020, this fee was reduced to 0.75% of the NAV of the Company.

There is no performance fee for the AIFM.

The AIFM has delegated the investment management of the portfolio to Baring Asset Management Limited (the "Investment Manager").

Details of the Investment Manager

The Investment Manager has a team of fund managers who are responsible for the management of the investment portfolio. Matthias Siller, Head of Europe, Middle East and Africa EMEA at the Investment Manager, is the lead manager with Maria Szczesna and Adnan El-Araby as supporting managers. Matthias is supported by the wider EMEA Equity Team, which comprises seven experienced investment professionals all of whom have research responsibilities as well as the broader team of emerging equity professionals based in London, Hong Kong and Taiwan, utilising their diverse local knowledge and experience. The team also draws further support from the rest of the broader equity platform at the Investment Manager, especially the knowledge, expertise and coverage of the three global sector teams: Healthcare, Resources and Technology.

Matthias joined the Investment Manager in 2006 and was appointed Head of EMEA Equities Team in 2016. He began his career in fund management at Raiffeisen Zentralbank Austria in 1997 as a Market Maker/Proprietary Trader in Central & Eastern European Equities and Derivatives. He joined Bawag — PSK Invest as an EMEA equity portfolio manager in 2001 and moved to Raiffeisen Capital Management in 2003, where he was a portfolio manager for Central & Eastern European Equities. Matthias has a Masters degree from Vienna University in Economics & Business Administration. Matthias was awarded the CFA designation in 2006 and speaks fluent German.





Maria is an Investment Manager in the EMEA Equity Team. She is responsible for Financials and Consumer Staples in the region. Maria joined Barings in 2006 from the Polish Embassy in London, where she worked for three years as an economist. Prior to this, Maria worked in corporate finance at Ernst & Young and BRE Corporate Finance (part of Commerzbank Group) in Warsaw. She holds an MA in Economics from the Warsaw School of Economics and was awarded the CFA designation in 2008. Maria is fluent in Polish.

Adnan is an Investment Manager in the EMEA Equity Team. He is responsible for the entire Resource Space, Healthcare & Pharmaceuticals, Tech & Media and Autos within the EMEA region. Adnan joined Barings in 2010 from Legg Mason Capital Management, where he was also an investment analyst. He holds a Bachelor of Commerce degree from St. Mary's University, Canada and was awarded the CFA designation in 2006. Adnan is fluent in Arabic.

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Report of the Investment Manager

Our strategy seeks to diversify your portfolio by harnessing the long-term growth and income potential of Emerging EMEA. The portfolio is managed by our team of experienced investment professionals, with a repeatable process that also integrates Environmental, Social and Governance (“ESG”) criteria.

Our strategy			
			
<p>Access</p> <p>Experienced investment team helps to foster strong relationships with the companies in which we invest.</p>	<p>First-hand Expertise</p> <p>The investment team conducts hundreds of company meetings per year, building long-term relationships and insight.</p>	<p>Process</p> <p>Extensive primary research and proprietary fundamental analysis, evaluating companies over a 5-year research horizon with macro considerations incorporated through our Cost of Equity approach.</p>	<p>ESG Integration</p> <p>Fully integrated dynamic ESG assessment combined with active engagement to positively influence ESG practices.</p>

A detailed description of the investment process, particularly the ESG approach can be found on pages 20 to 22.

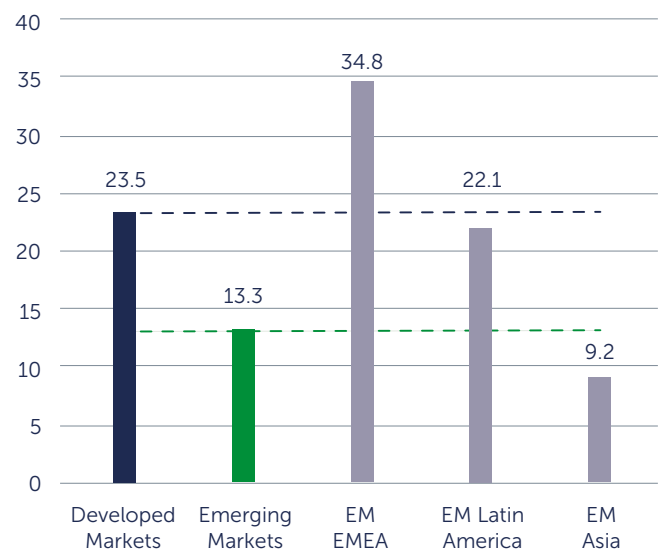
Market Summary

Global markets rallied significantly over the period, driven by the approval of a number of COVID-19 vaccines. This led to an improving picture for the global economic outlook and the hope for a return to economic normality, supported further by unprecedented stimulus from both the US government and European Union (“EU”).

Against this backdrop, emerging European, Middle Eastern, and African equities performed strongly. This reflected the continued economic recovery from the lows of 2020, as well as a supportive commodity price backdrop, particularly within the energy sector, where oil and gas prices rose significantly in response to strong demand and tightening global supply. The region comfortably outperformed both broader developed and emerging equity markets, alongside regional peers, which were increasingly unpredictable in the face of rising inflation, monetary policy tightening and weakness in China.

Sterling has been notably strong over the period, drawing support from the last-minute agreement of a post-Brexit trade deal with the EU, and the rapid rollout of COVID-19 vaccines, which buoyed expectations of a swifter economic rebound. This is especially important given the Company derives its returns from foreign assets, denominated in a range of currencies, and any material strength in the pound weakens the value of

12M - Market Performance (% , GBP)



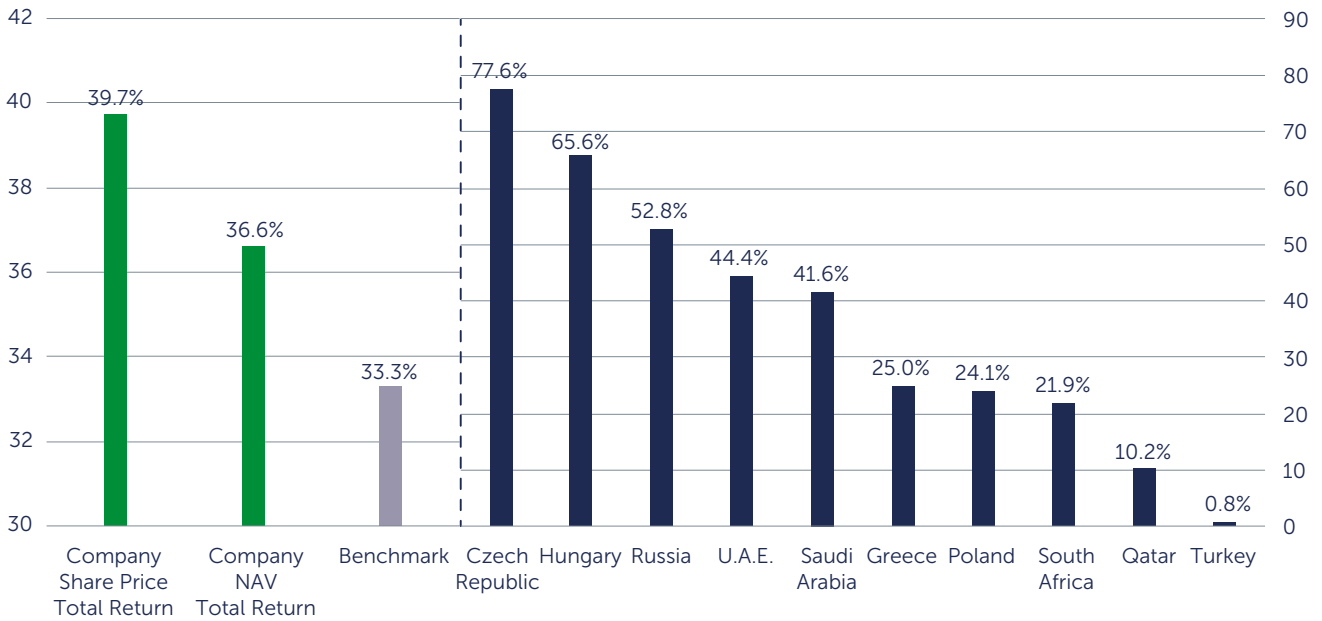
Source: Barings, Factset, MSCI, September 2021.

these repatriated investments. Despite these headwinds, over the period the Company achieved a NAV total return of 36.6% (including dividends), whilst the Benchmark returned 33.3% (both in GBP).

Report of the Investment Manager

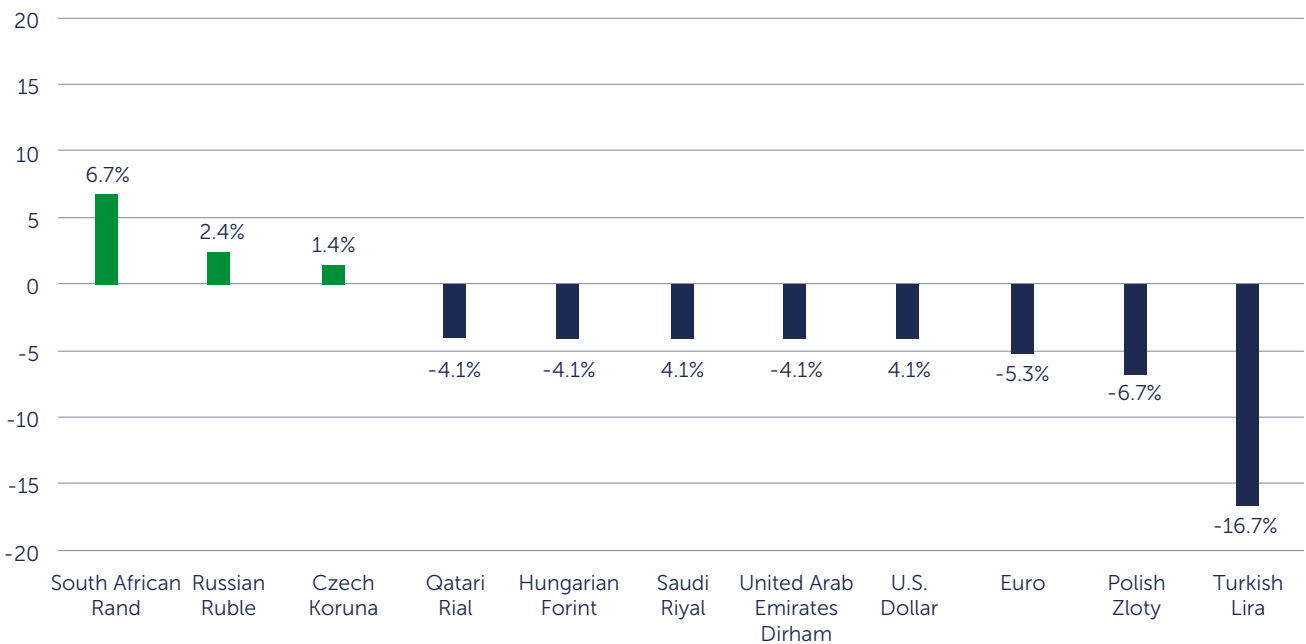
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Company, Benchmark Returns (left hand side, £,%) and Country Returns (right hand side, £, %) 1 October 2020 to 30 September 2021



Source: Barings, Factset, MSCI, September 2021.

Currency Returns (vs GBP Returns, %) 1 October 2020 to 30 September 2021



Source: Barings, Factset, MSCI, September 2021.

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Income

The Company’s key objective is to deliver capital growth from a carefully selected portfolio of emerging EMEA companies. However, we are also focused on generating an attractive level of income for investors from the companies in the portfolio.

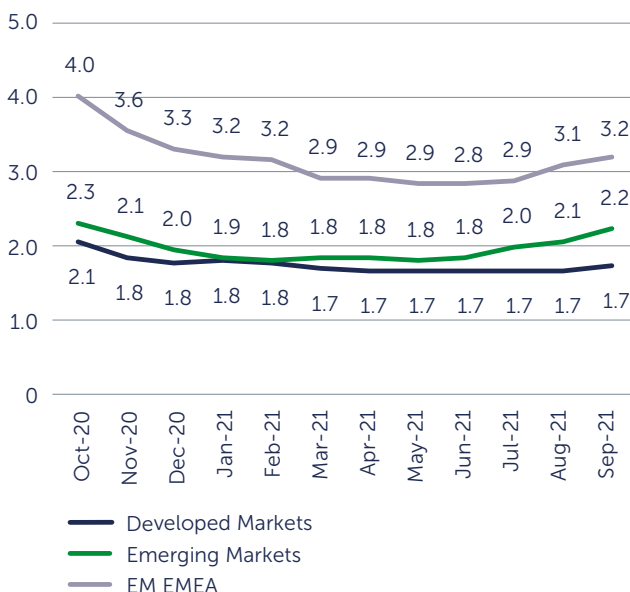
In these times of ultra-low interest rates and equity dividend reductions, emerging EMEA offers UK-based income seekers an attractive and differentiated income opportunity. A combination of the recovery in economic growth, greater capital efficiency and improved regulation is helping to drive dividend growth opportunities across a number of sectors, enabling companies to pay out more of their earnings to shareholders. In addition, many EMEA countries and their local exchanges have adopted accounting and transparency standards that go beyond minimum requirements and rival their Western counterparts. This in turn is helping to attract international investors and improve market liquidity.

Likewise, many EMEA companies are striving to be more transparent, more shareholder-focused and generally better run. Russian fintech company TCS is a good example. The company recently cancelled its voting system that gave founder Oleg Tinkoff effective control over the company. In response, the share price rallied significantly upon the announcement as investors applauded this major advance in corporate governance.

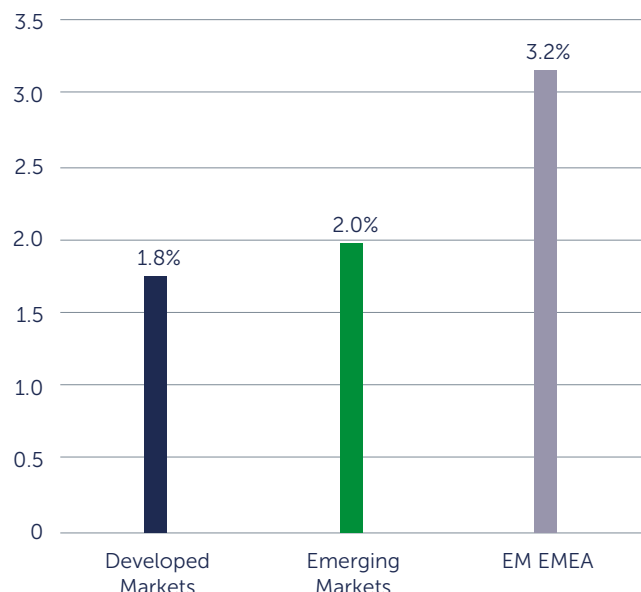
TCS is not alone, with examples of emerging EMEA companies choosing to return more cash to shareholders ranging from Turkcell – Turkey’s leading mobile company, to PZU – Poland’s largest and oldest insurer, to X5 – Russia’s biggest supermarket chain. As further improvements in corporate governance lead to greater capital efficiency, we believe dividend payout ratios in these markets can continue to rise. Interestingly, this shift isn’t just happening in companies primarily owned by private investors. The emerging EMEA region has a sizeable number of state-owned entities that are also looking to improve corporate culture, reign in corruption and incentivise long-term value generation. For example Sberbank, Russia’s largest lender and majority state-controlled, which is successfully transforming into a modern financial platform and e-commerce ecosystem, driving long-term growth and increasing dividend payout ratios. Sberbank is now among the top three banks in Europe by market capitalisation, and continued to pay out 50% of its profits during the pandemic-stricken year 2020.

Furthermore, we are also seeing new income opportunities away from emerging Europe. In South Africa, First Rand declared an interim dividend, after withholding its final payout last year while the country battled the worst of the COVID-19 pandemic, delivering a sign of confidence in anticipation of the expected rebound in the economy. In the UAE, our investment in First Abu Dhabi Bank (FAB) delivered a resilient and stable 5% yield despite the short-term pandemic-related headwinds, which we believe is a strong commitment to minority shareholders.

Monthly Yield (%)



12M Average Yield (%)



Source: Barings, Factset, MSCI. Values based on MSCI regional and asset class indices. September 2021.

Report of the Investment Manager

(continued)

Macro Themes

In line with our bottom-up approach, our primary focus is to identify attractive investment opportunities at the company level for our shareholders. Nevertheless, we remain vigilant and mindful of broader macro effects within the region. By utilising the breadth of the region, we believe we are able to diversify the Company's portfolio by reducing concentration risk and lowering political and country-based risk. This in turn helps to support the contribution to performance from our company selection, accessing long-term growth opportunities, while dampening the negative effects from major macro dislocations.

While the impressive overall performance of emerging EMEA owes much to the region's economic resilience, the market backdrop remained, at times, unpredictable, reflecting worries about inflation, fluctuations in the price of oil and gas, and in Turkey, disruption at the central bank.

Energy Costs and the Great Transition

Oil and gas prices rose significantly over the year, driven by a recovery in demand from the extreme lows of the pandemic as economies reopened, whilst supply failed to recover at an adequate pace. This drove the performance of the region's bigger energy exporters higher. In the longer term, the dominance of Russia and the Middle East in fossil fuel production may seem to put them at a disadvantage in a world looking to wean itself off carbon. However, a global transition away from oil and coal towards cleaner 'bridging' energy sources such as natural gas, would likely benefit Russia and Qatar—two of the world's top four gas producers. Recent months have seen historic spikes in global natural gas prices, and could see further price rises as winter approaches. This volatility owes much to rising demand globally as economies look to decarbonise. It is especially prevalent in the context of the current energy transition sought by the European Commission and China, in which natural gas represents a readily accessible alternative to reduce greenhouse gas emissions and help combat global warming.

Against this backdrop, whilst your Company does continue to selectively invest in the Energy sector, in companies such as Gazprom and Novatek.

What are the Benefits of Natural Gas?

- Natural gas is a naturally occurring mixture of gases that can be used across a variety of sectors across the global economy to generate electricity, heat homes and fuel the transport of people and goods.
- In a world rapidly evolving to meet growing global energy demand and limit CO₂ emissions, natural gas is the cleanest-burning hydrocarbon, emitting between 45% and 55% lower greenhouse gas emissions than coal when used to generate electricity, according to data from the International Energy Agency ("IEA").

Supplying the Green Revolution

Climate change and the need to move towards a world less dependent on fossil fuels remains one of the most critical issues globally. While we see an increased demand for electric vehicles as the most common instance of shifting consumption patterns, what is perhaps more pertinent for investors looking ahead is the access to commodities that will support the move to a greener society. This growing focus on the green energy transition has created new investment opportunities across different industries and sectors. For example, the amount of steel required for an offshore wind farm is roughly four to five times greater than that required by an onshore facility with the same gigawatt generation capacity. Electric vehicles are another example, requiring significantly more copper relative to a standard internal combustion engine vehicle.

Given the wealth of minerals and commodities produced in emerging EMEA, we believe your company is in a strong position to be able to invest in businesses positively exposed to the energy transition and renewables themes. Currently, we are invested in Norilsk Nickel in Russia and Anglo American in South Africa—both of which are industry champions in the production of nickel, a key input in the production of electric vehicles (EVs), as well as other energy transition metals. We also hold a position in Koc, a Turkish conglomerate that owns a significant stake in Ford Otosan, a company that runs one of the most efficient car production sites globally, and as a contract manufacturer, can focus investment primarily into EVs.

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Evolving Consumption

Emerging EMEA also offers exposure to companies that are riding the wave of innovation or benefiting from major structural shifts in consumer needs and behaviour. These opportunities are particularly exciting as companies across the region are at a much earlier stage of growth than in developed markets, and e-commerce penetration rates are generally lower. Right now, across emerging EMEA, from Russia, the Middle East and down to South Africa, we are seeing seismic shifts in behaviour as consumers pivot from offline to online living, including online banking, food delivery, transport services and gaming.

Another compelling aspect to this story is that the companies benefitting from this growth are not necessarily the ones you might expect, and instead of turning to established global brands, 'local champions' are often the preferred providers. This often reflects the understanding that domestic players have of the local market and infrastructure around them. For example, in Poland, local e-commerce platform Allegro has flourished by being better able to serve the country's largely apartment-living population, via their pick-up boxes/locker delivery system. Elsewhere, Russia's most popular internet search engine Yandex accounts for 60% of the digital advertising market and, using its dominant position, management has successfully built an offline to online "ecosystem" that offers the Russian consumers a wide selection of choices with unmatched convenience. This allows a user to order a taxi, buy goods online, search the news, or access video on demand without leaving the app, a unique experience they cannot replicate through international competitors.

e-Commerce in ascendency:

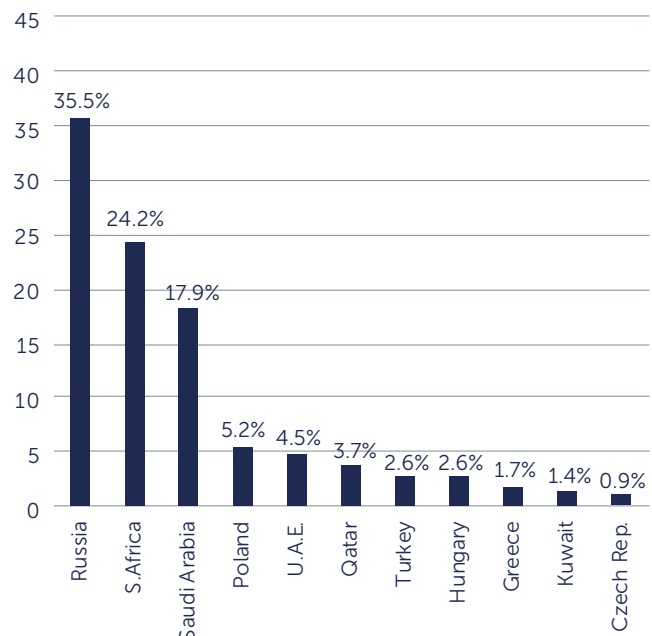
- In Poland, the proportion of total retail sales accounted for by e-commerce leapt from 5.6% in January 2020 to almost 10% in 2021.
- Russia's online penetration rates as a percentage of retail sales has also accelerated after years of meagre growth caused by low consumer awareness and inefficient logistics – and is on course to grow from 10% in 2021 to 16% in 2025.

Turkey – and central bank independence

Elsewhere in the region, the surprising dismissal of Turkey's central bank Governor Naci Agbal by President Erdogan in March sparked a correction, with the Turkish Lira depreciating and bond and equity markets declining sharply. Frustratingly for investors, the central bank's interest rate hike earlier in the year preceding this dismissal, was a clear sign of how determined the Governor and his team were in pursuing orthodox policies, communicating transparently with market participants and, crucially, controlling inflationary pressures. The change at the helm of the Turkish central bank represents, in our view, a sharp deterioration of the country's monetary policy framework and risks the loss of hard-earned credibility in the eyes of international investors.

Due to these events, our Turkish investments have detracted from relative performance. However, because of the broadly diversified nature of your portfolio, the effects have not been overly detrimental. In addition, considering the economic implications of this development, we took the decision to reduce our exposure. We continue to hold select exposure, focusing our investments in well-capitalised, high quality companies with tangible growth prospects, such as BIM, a food retailer and pioneer of this discount store model in Turkey, and Koc, a local conglomerate group of companies.

Portfolio Country Weight (%)

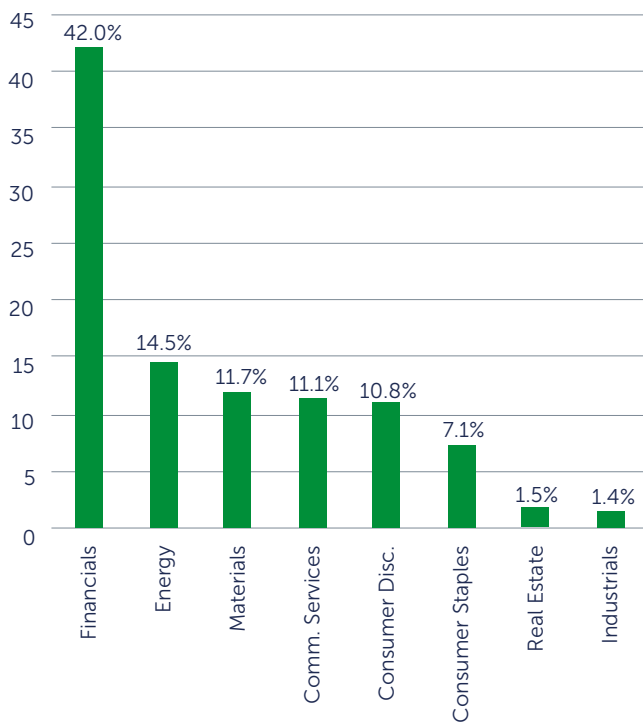


Source: Barings. September 2021.

Report of the Investment Manager

(continued)

Portfolio Sector Weight (%)



Source: Barings. September 2021.

Company Selection

Our team regularly engage with management teams and analyse industry competitors to gain an insight into a company's business model and sustainable competitive advantages. Based on this analysis, we seek to take advantage of these inefficiencies through our in-depth fundamental research, which includes an integrated Environmental, Social and Governance ("ESG") assessment, and active engagement, to identify and unlock mispriced growth opportunities for our shareholders.

Russia's Gazprom was the strongest contributor to relative returns over the period, as natural gas prices have rallied to multi-year highs caused by a prolonged winter season and strong demand from Asia. Similarly, our positions in Novatek and Lukoil also outperformed in light of the improving prospects for the global economy and tight supply of oil and gas.

Russian fintech disruptor TCS was another significant contributor to relative returns, with the shares rallying in response to the company's positive corporate governance developments that are noted above. We believe the positive market reaction to be testament to the vast shareholder value potential inherent in the company, which we have championed, and recognised through their improving ESG profile. Elsewhere in Russia, our holding in Russia's Sberbank was another notable contributor.

Stock selection in the Middle East added to relative performance over the period. Saudi-based Al Rajhi Bank performed well, helped by solid results for 2020 and a positive outlook for this year, as the company experienced a rebound in mortgage growth. Qatar National Bank (QNB) was another strong contributor to relative returns supported by deposit growth and expenditure control in its operations. QNB also has a strong ESG profile, provided by impressive talent retention programmes, robust data privacy and investment in cyber security.

In the Materials sector, metals and mining stocks were generally weaker as markets softened in response to expectations of lower GDP growth in China and reduced global auto production. This negatively impacted our holdings in KGHM, Polyus, and Anglo American Platinum. Despite the weaker performance, we believe the Company's exposure to these precious metals companies will benefit from the close alignment with the global green energy transition and imposition of stricter emissions standards, particularly in the automotive sector.

Elsewhere, against a backdrop of a strong technology sector in 2020, Sistema outperformed, supported by a consistent track record of asset monetisation. Most recently, this included the successful IPO of Ozon, a company that has compelling exposure to the structural growth of internet shopping, as consumers transition from offline to online. More broadly, performance within the Communications Services sector was mixed, with Russia's most popular internet search engine, Yandex, outperforming, whilst its peer, Mail.Ru, detracted. This differential was largely a reflection of the execution of Yandex's business strategy, utilising the recovery in the profitability of business units such as Advertising and Taxi, and reinvesting excess revenues into its e-commerce platform, which has delivered growth in excess of larger peers. Despite the underperformance of Mail.Ru, we continue to see an investment opportunity over the medium term, as the rising penetration of e-commerce helps to accelerate the shift from offline to online and the digitalisation of the economy continues to create new ways to consume.

In Poland, game developer CD Projekt was one of our weaker performing investments over the period. The company has been dealt successive blows from delays in the release of its next major franchise, Cyberpunk 2077, before the eventual release led to a number of complaints from users regarding glitches. Following these announcements, we decided to exit the company until a time that we could see greater visibility on the company's earning trajectory.

Report of the Investment Manager

(continued)

Engagement Case Study: Mail.Ru

Mail.Ru is one of the many companies we have actively engaged with over the period, please see below for a short case study of our interaction:

Overview:

- We engaged with Mail.Ru, an internet company that operates a widely utilised social media and games platform in Russia, following a request from the company for our assessment of their efforts surrounding ESG.

Objective:

- Our aim was to influence the company's upcoming ESG strategy, and to ensure the company has clear and transparent guidelines, to demonstrate initiative, ownership and a roadmap for improvement.

Outcome:

- Following our feedback, we recommended that for an ESG strategy to be meaningful the company needed to publicise tangible targets, benchmarked historically, to ensure that outcomes are quantifiable, and that investors can clearly ascertain the roadmap of improvement.
- In addition, as part of this strategic review, we have evaluated the company's ESG reporting and transparency, highlighting key areas of focus, which include but are not limited to, shareholder structures, data security, customer privacy, staff turnover and diversity and inclusion.
- Following the release of the company's second ESG report, we noted that while the level of disclosures had been enhanced, there is still room for improvement, particularly as it relates to objectives and actionable targets. This is especially prevalent in light of the company's expansion into ecommerce and delivery, and the implications for staff, which operate within the gig economy.

Outlook

In the short term, markets are likely to remain volatile as investors closely monitor progress on containing COVID-19 outbreaks across many EM countries. However, the ongoing trend of improving economic and earnings momentum is encouraging, while the rolling out of vaccination programs gives grounds for optimism.

Supply-side bottlenecks and the reopening of economies have led to higher near-term inflationary pressures that have been exacerbated by the recent significant rise in oil and gas prices. This poses an additional challenge for investors. However, these pressures should start to ease by year-end. In response, the EMEA region has been on the front foot with its approach to monetary tightening, with Russia, Hungary and the Czech Republic all raising interest rates over recent months.

In addition, political risk and the potential for periods of instability remains a risk for our region, as it does across many markets. This is one of the key reasons why we continue to ensure that our portfolio is well diversified across many countries and sectors.

Despite these short-term headwinds, we see reasons to be optimistic across the region's larger markets. South Africa's commitment to fiscal prudence increases the country's long-term growth potential, whilst early stage results of efforts to combat corruption are welcomed. In addition, the country's access to a broad range of metals of strategic importance to the energy transition has only become more evident in recent years.

In Russia, we see opportunities away from the country's traditionally dominant Energy sector, in areas such as e-commerce, consumption and technology. The country's natural gas producers also have an important role to play in the green energy transition. We continue to believe Saudi Arabia's petro-economy will adapt, diversify and grow its share in global hydrocarbon production. Whilst in central Europe, we see opportunities for economies to benefit from the EU's Recovery Fund and Green New Deal initiatives.

A weaker USD would provide an additional welcome boost. Furthermore, the relative valuation of the EMEA region versus developed equities remains attractive, suggesting investor expectations for the asset class remain overly depressed. This combination of steadily improving earnings, receding COVID-19 risk and attractive valuations should create a positive backdrop for equity markets as we look to 2022 and beyond.

Report of the Investment Manager

(continued)

Investment Process Highlights

We believe that equity markets are inefficient and that consistently applied fundamental bottom-up company analysis can identify mispriced opportunities. To unearth these opportunities, we follow a Growth At a Reasonable Price ("GARP") approach, and apply this to all companies across our region. GARP investing is focused on identifying companies that are positioned to grow sustainably over the medium to long term, but where growth is not necessarily recognised by the market. We therefore seek to select companies that have the potential to thrive, but also offer good value. We believe that this approach is the most effective way to invest over longer periods as it focuses on company fundamentals, with a focus on sustainable business franchises, strong balance sheets and improving ESG characteristics.

Research

For company research, we use a consistent, analytical and qualitative framework applied through our proprietary Company Scorecard (see Figure A). This focuses on three pillars consistent with our GARP methodology: Growth, Valuation and Quality. By applying a consistent research approach, we can evaluate each company on a like-for-like basis and determine relative attractiveness across countries and sectors within the region.

Portfolio construction

We take the ideas generated through our research process and construct a portfolio that targets sustainable investment returns. Risk management is central to this process, and we employ a range of approaches to fully identify all risks within your portfolio. The ultimate aim of this process is to ensure the businesses in which we invest drive portfolio performance, rather than broader macroeconomic events.

Once invested, our experienced investment team continue to monitor each company to ensure that our conviction remains intact and that an investment remains attractive relative to other opportunities available in the market.

A Focus On ESG

Our proprietary ESG assessment forms a core component of our fundamental bottom-up research. It is guided by our in-depth knowledge and regular interactions with company management teams.

Integrating ESG

As an integral step of our research, our ESG assessment affects both our view of a company's quality and its valuation. This assessment is dynamic rather than static; we closely monitor the companies we invest in for improvements or deteriorations in their attitudes to ESG and reflect this in our scoring of both the quality of the business and its valuation. For each company under our coverage we complete an ESG scorecard that focuses on three categories as a foundation of our assessment:

- Sustainability of the Business Model (Franchise)
- Corporate Governance Credibility (Management)
- Hidden Risks on the Balance Sheet (Balance Sheet)

Within each of these categories, we identify three further subcategories, which are relevant areas of potential risk or opportunity (see Figure B).

ESG and its impact on a company's Quality Score

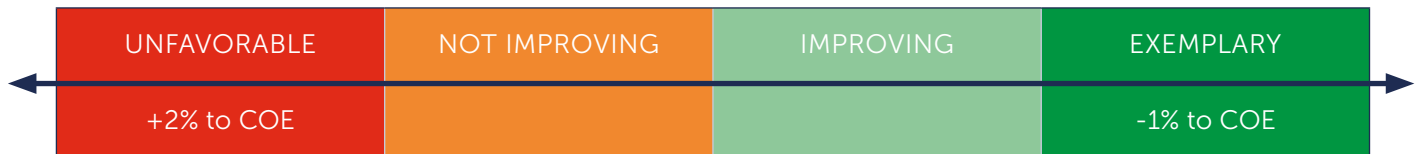
We conduct a qualitative assessment of the company in order to assess how strong the company's franchise, management and balance sheet are, and assign a quality score of 1 to 5 (1 strong, 5 weak). If we consider the franchise or balance sheet of the company are under threat due to an ESG issue, or that the company has weak governance structures, the score we assign to the company could deteriorate to a level where the investment becomes unattractive from a quality perspective.

Report of the Investment Manager

(continued)

ESG and its impact on the company valuation

Each of the nine subcategories of our ESG assessment will be rated from Unfavorable to Exemplary, as set out on the following page 22.



The individual scoring of each of the nine subcategories will translate into a premium or a discount that is added to the company's Barings Cost of Equity ("COE"), which is used to discount our earnings forecasts. A low ESG score would translate into an addition to the discount rate of up to 2 percent, thus penalising the stock and reducing its attractiveness by decreasing its current valuation. The rationale is that a company associated with poor ESG is likely to have higher risks that should be reflected in the discount rate. Conversely, a high ESG score can indicate a company that is lower risk, resulting in a reduction to the COE of up to 1 percent.

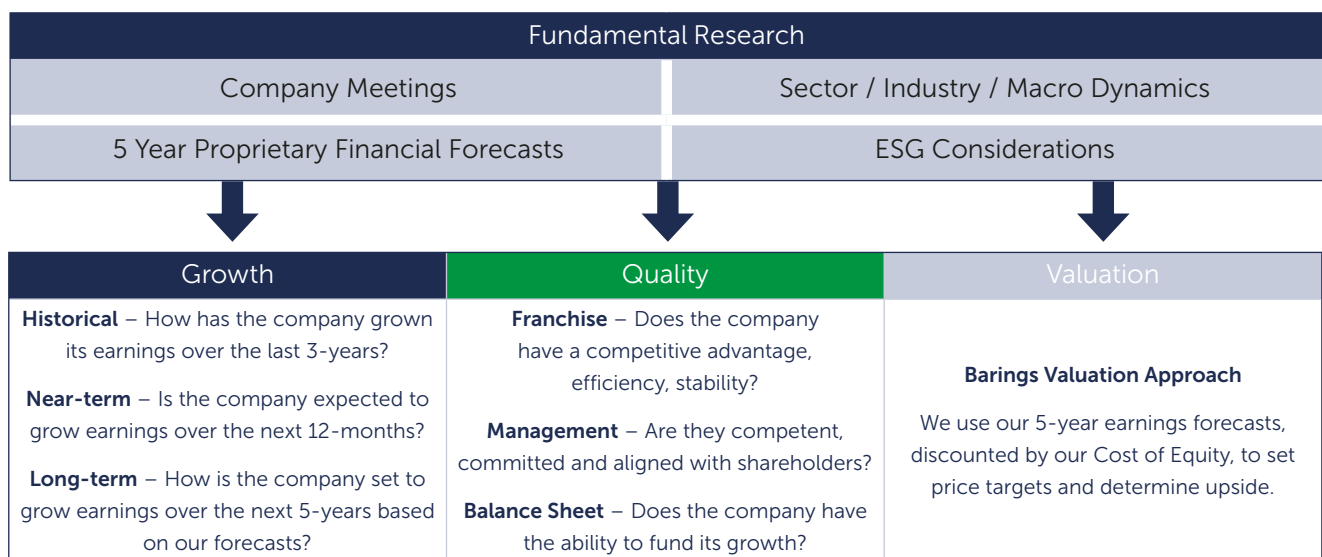
Active Engagements with Investee Companies

We undertake engagements to positively influence ESG practices and improve ESG disclosure. Our approach is based on clear objective setting, which strengthens our ability to monitor and steer company progress. We also collaborate with peers and industry groups to enhance and share best practices. We believe that by engaging with companies in this way, rather than blanket exclusions of entire sectors, we have a greater chance of successfully effecting change. This can also result in value creation for our Shareholders.

Voting

We undertake to exercise our voting rights whenever possible, and have engaged a dedicated third-party proxy-voting provider. In instances where we disagree with the provider's recommendations, we have the ability to cast our votes differently.

Figure A - Fundamental Research: Consistent Company Scorecard



Report of the Investment Manager

(continued)

Figure B - Fundamental Research: ESG Assessment

	Key Topics	Score/Rationale	Data / Issues to Consider
Sustainability of the Business Model (Franchise)	1 Employee Satisfaction	Exemplary	Staff Turnover; Strikes; Fair Wages; Injuries; Fatalities; Unionised Workforce; Training and Education
	2 Resource Intensity	Improving	Water Usage; GHG Emissions; Energy Usage
	3 Traceability/Security in Supply Chain	Improving	Traceability of Key Inputs; Investments in Protecting the Business From External Threats, e.g. Cyber Security; Backward Integration (Protection of Key Inputs)
Corporate Governance Credibility (Management)	4 Effectiveness of Supervisory/ Management Board	Not Improving	Separation of Chair & CEO; Size of Board; Independence of Board; Frequency of Meetings; Attendance Record; Voting Structure; Female Participation on Boards
	5 Credibility of Auditing Arrangements	Not Improving	Credible Auditor; Independent Audit Committee; Qualification to Accounts
	6 Transparency & Accountability of Management	Exemplary	Access to Management; Financial Reporting; Tax Disclosure; Appropriate Incentive Structure
Hidden Risks on the Balance Sheet (Balance Sheet)	7 Environmental Footprint	Improving	GHG Emissions; Carbon Intensity; History of Environmental Fines/Sanctions; Reduction Programs in Place for Water/Waste/Resource Intensity
	8 Societal Impact of Products/Services	Exemplary	Health/Wellness Implications of Consumption of Goods/ Services; Product Safety issues; Community Engagement
	9 Business Ethics	Improving	Anti-competitive practices; Bribery/Corruption; Whistle-Blower Policy; Litigation Risk; Freedom of Speech; Gender and Diversity Considerations

Baring Asset Management Limited

Investment Manager

3 December 2021

Investment Portfolio

Review of Top Ten Holdings

at 30 September 2021

Investee company	Sector	Market value £'000	% of investment portfolio	Company comment
Gazprom	Energy	7,846	7.2	Russia's largest gas producer, currently offering substantial dividend yield.
Sberbank	Financials	7,120	6.5	Russia's largest bank, robust business model supported by successful implementation of digitalization strategy. Currently offers substantial dividend yield.
Lukoil Holdings	Energy	5,782	5.3	Russian oil company with potential for further dividend growth.
Al Rajhi Bank	Financials	5,158	4.7	Number one Islamic bank globally. Dominant market share supported by extensive branch network and stable retail deposit franchise. Beneficiary of state sponsored mortgage program.
The Saudi National Bank	Financials	4,759	4.4	Largest bank in Saudi Arabia, originated from merger of NCB and Samba with synergies still to be delivered.
Qatar National Bank	Financials	4,032	3.7	Largest bank in Qatar, with dominant market share in both lending and deposits. Strong management team with a long history and good track record.
Norilsk Nickel	Basic materials	3,642	3.3	Russia's largest metals and mining stock with diversified portfolio. A beneficiary of the green energy transition.
Yandex	Technology	3,547	3.2	Russia's largest internet search engine, using its dominant market position to expand into areas such as e-commerce and taxi hailing.
Prosus	Technology	3,518	3.2	One of the largest technology investors in the world, with an exciting portfolio of businesses across multiple sectors – social media, fintech, food delivery and classified ads.
Firststrand	Financials	3,430	3.1	Leading South African financial institution offering a diverse range of services including transactional, lending, insurance and investment products.

Investment Portfolio

(continued)

Investment Portfolio

at 30 September 2021

	Holding	Primary country of listing or investment	Market value £'000	% of Net assets
1	Gazprom	Russia	7,846	7.08
2	Sberbank	Russia	7,120	6.42
3	Lukoil Holdings	Russia	5,782	5.21
4	Al Rajhi Bank	Saudi Arabia	5,158	4.66
5	The Saudi National Bank	Saudi Arabia	4,759	4.29
6	Qatar National Bank	Qatar	4,032	3.64
7	Norilsk Nickel	Russia	3,642	3.28
8	Yandex	Russia	3,547	3.20
9	Prosus	South Africa	3,518	3.17
10	Firststrand	South Africa	3,430	3.09
11	MTN Group	South Africa	3,370	3.04
12	Saudi Basic Industries	Saudi Arabia	3,256	2.94
13	Saudi Telecom	Saudi Arabia	3,022	2.73
14	OTP Bank	Hungary	2,795	2.52
15	X5 Retail Group	Russia	2,566	2.31
16	Bid Corporation	South Africa	2,302	2.08
17	Novatek	Russia	2,212	1.99
18	PKO Bank Polski	Poland	2,209	1.99
19	Naspers Limited	South Africa	2,109	1.90
20	Anglo American	South Africa	2,044	1.84
21	Cooperative Insurance	Saudi Arabia	1,810	1.63
22	First Abu Dhabi Bank	United Arab Emirates	1,804	1.63
23	Capitec	South Africa	1,768	1.59
24	Mr Price Group	South Africa	1,711	1.54
25	Emaar Properties	United Arab Emirates	1,650	1.49
26	PZU	Poland	1,638	1.48
27	Anglo American Platinum	South Africa	1,626	1.47
28	National Bank of Greece	Greece	1,580	1.43
29	Discovery	South Africa	1,532	1.38
30	Jarir Marketing	Saudi Arabia	1,531	1.38
31	Shoprite Holdings	South Africa	1,497	1.35
32	Abu Dhabi Commercial Bank	United Arab Emirates	1,438	1.30
33	TCS	Russia	1,401	1.26
34	Bim Birlesik Magazalar	Turkey	1,345	1.21
35	Mail.RU	Russia	1,045	0.94
36	Koc Holding	Turkey	1,019	0.92

Investment Portfolio

(continued)

Investment Portfolio (continued)

at 30 September 2021

	Holding	Primary country of listing or investment	Market value £'000	% of Net assets
37	Fix Price Group	Russia	1,010	0.91
38	Komerčni Banka	Czechia	974	0.88
39	Human Soft	Kuwait	931	0.84
40	Moscow Exchange	Russia	859	0.78
41	KGHM Polska Miedz	Poland	841	0.76
42	Impala Platinum	South Africa	779	0.70
43	Sanlam Limited	South Africa	727	0.66
44	Segezha Group	Russia	579	0.52
45	Mobilnye Telesistemy	Russia	569	0.51
46	Mobile Telesystems	Russia	568	0.51
47	National Bank of Kuwait	Kuwait	547	0.49
48	Allegro	Poland	532	0.48
49	Inpost	Poland	496	0.45
50	D Market Electronic Services Trading	Turkey	443	0.39
51	Alpha Services and Holdings	Greece	264	0.24
	Total investments		109,233	98.50
	Net current assets		1,664	1.50
	Net assets		110,897	100.00

Corporate Review

The Strategic Report on pages 2 to 30 of the Annual Report and Audited Financial Statements has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006 and best practice. Its purpose is to provide information to the Shareholders of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company, in accordance with Section 172 of the Companies Act 2006.

Company Status

The principal activity of the Company is to carry on business as an investment trust. The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of Sections 1158/1159 of the Corporation Tax Act 2010 ("S1158/1159"). The Directors do not envisage any change in this activity in the foreseeable future.

The Company is quoted on the London Stock Exchange under the ticker code BEMO. As an investment trust, the Company has appointed an Alternative Investment Fund Manager, Baring Fund Managers Limited (the "AIFM"), to manage its investments. It has also appointed third-party service providers to manage the day-to-day operations of the Company, whose performance is monitored and challenged by a Board of independent Non-Executive Directors.

The Directors are of the opinion that the Company continues to conduct its affairs so as to be able to continue to qualify as an investment trust.

Key Performance Indicators

Our Key Performance Indicators ("KPIs") are as follows:

- Annualised NAV total return¹
- Share price total return¹
- Dividend per Ordinary Share¹

The returns for the year are set out under Financial Highlights on page 2.

Dividend Policy

The Company seeks to generate an attractive level of income for Shareholders, and will pay income from capital of up to 1% per annum of NAV when considered appropriate by the Board. The Board believes this is a sustainable policy that should improve the Company's appeal amongst investors.

Dividends

An interim dividend of 15 pence per Ordinary Share was declared on 18 May 2021 and paid on 28 June 2021.

The Board recommends a final dividend of 11 pence per Ordinary Share. Subject to Shareholder approval at the AGM, the recommended final dividend will be paid on 7 February 2022 to Shareholders on the register at the close of business on 17 December 2021. The Ordinary Shares will be marked ex-dividend on 16 December 2021.

Buyback Programme

During the year under review, the average discount to NAV at which the Company's Ordinary Shares traded at was 13.07% (2020: 11.04%) and 231,245 Ordinary Shares were repurchased at a cost of £1,715,000 (2020: 163,272 Ordinary Shares at a cost of £1,101,000). All Ordinary Shares repurchased during the year have been cancelled.

¹ APMs definitions can be found in the Glossary on pages 87 to 89.

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Corporate Review

(continued)

Section 172 Statement

Background

Directors have a duty to make decisions that promote the success of a company for the benefit of shareholders as a whole. This responsibility is formally enshrined in section 172 of the Companies Act 2006, which stipulates that board decisions must be made with the long-term consequences of those decisions in mind, including consideration of the interests of a company's employees, suppliers, customers and other stakeholders, the impact on the community and the environment, and the desirability of maintaining a reputation for high standards of business conduct.

Stakeholders

The Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during discussions and as part of its decision-making. The Board has concluded that as the Company is an externally managed investment trust and does not have any employees or customers in the traditional sense, its key stakeholders comprise its Shareholders, its Investment Manager, its key service providers including, Corporate Broker, Company Secretary, Registrar, Custodian, Auditor and Administrator and, its Investee Companies. However, the Board also takes account of the Company's responsibilities to the environment and the wider community. The section below discusses the actions taken by the Company to ensure that the interests of stakeholders are taken into account, particularly in the context of the emerging climate agenda.

Shareholders

Continued shareholder support and engagement are important to the existence of the Company and to the delivery of long-term strategy.

The Board is committed to maintaining open channels of communication and to engage with Shareholders in a manner which they find most helpful, in order to gain an understanding of the views of Shareholders. These include:

- **Annual General Meeting** – The Company welcomes and encourages attendance and participation from Shareholders at the AGM and, national restrictions permitting, looks forward to hosting Shareholders again at the 2022 AGM. Shareholders have the opportunity to meet the Directors and the Investment Manager and to address questions to them directly. There is typically a presentation on the Company's performance and the future outlook, from the Investment Manager.
- **Publications** – The Annual Report and Half-Year results are made available on the Company's website and the Annual Report is circulated to those Shareholders requesting hard copies. These reports provide Shareholders with detailed information on the Company's portfolio and financial position. This information is supplemented by a quarterly factsheet which is released via the stock exchange.
- **Shareholder Feedback** – Shareholders in investment companies often meet with the Investment Manager rather than members of the Board. However, the Board values the feedback and questions that it receives from Shareholders and takes note of individual Shareholders' views in arriving at decisions which are taken in the best interests of the Company. The Chairman or the Senior Independent Director can be contacted via either the Company Secretary or the Corporate Broker, both of which are independent of the Investment Manager.
- **Investor Relations updates** – At every Board meeting, the Directors receive updates from the Corporate Broker on share trading activity, share price performance, the Company's share register and any Shareholders' feedback. The Board also review promotional plans, PR activity and analyst's comments or research reports on the Company.

The Investment Manager

Maintaining a close and constructive working relationship with the Investment Manager is essential for the Board. The Investment Manager aims to achieve capital growth in line with the Company's investment objective. The Board has a critical role in monitoring the Investment Manager. The Board meets with the Investment Manager at least every quarter, and adopts a tone of constructive challenge. Further details on the management arrangements can be found on page 12.

Corporate Review

(continued)

Third-Party Service Providers

In order for the Company to function as an investment trust, the Board relies on a diverse range of advisors for support. For this reason the Board considers the Company's third-party service providers to be stakeholders.

The Board maintains regular contact with its key external providers and receives regular reporting from them, both through Board and committee meetings, as well as on an adhoc basis outside of meetings. Their advice and views are routinely taken into account. The Management Engagement Committee formally assesses their performance, fees and continuing appointment annually to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. The Audit Committee reviews and evaluates the financial reporting control environments in place at the key service providers.

Investee Companies

The Board recognises the importance of good stewardship and communication with investee companies in meeting the Company's investment objective and strategy.

The Investment Manager engages with the management teams of investee companies on a periodic basis and reports its impressions on the prospects of these investee companies to the Board. The Directors recognise that the Investment Manager can influence an investee company's approach to ESG matters, and this forms part of the investment process as detailed on pages 20 to 22. During the year under review, the Board met virtually with six investee companies from different geographical and sector backgrounds to understand how these companies operated, the sustainability of their business models, their approach to ESG and their corporate governance credibility.

Environment and Community

Given the outsourced nature of the Company's operations, the Company has very little direct impact on the community or the environment. However, the Board recognises that it can influence an investee company's approach to ESG matters. The Company's investment approach takes into account the external impact of investee companies' activities on the environment, their social practices' social acceptability governance. The Investment Manager discusses ESG matters with investee companies on a regular basis. Further details on the Company's investment approach to ESG can be found on pages 20 to 22.

The mechanisms for engaging with stakeholders are kept under review by the Directors and are discussed on a regular basis at Board meetings to ensure that they remain effective.

Board Activities

During the year, regular items at Board meetings include the review of the Company's portfolio, performance and the market, investor relations, marketing activities, key risks, operational matters and governance, and compliance with the AIC Code.

Decision Making

Specific Board decisions that have been made during the year included the following:

• Investment Policy

A key strategic decision made by the Board was the broadening of the Company's investment objective and investment policy. It sought the views of the Company's largest shareholder on the new investment policy. Proposals were circulated to Shareholders in October 2020 on a change to the investment policy, which was approved by Shareholders at a General Meeting held on 13 November 2020.

• Discount Control Mechanism

The Board recognises that it is in the long-term interests of Shareholders that shares do not trade at a significant discount to their prevailing NAV. To this end, in conjunction with feedback from its largest shareholder and the Corporate Broker, the Board, mindful of Shareholders' continued desire for a strong discount control mechanism, agreed tender offer trigger mechanisms for the five year period commencing 1 October 2020.

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Corporate Review

(continued)

• Allocation of discretionary funds

The Board allocated discretionary funds to marketing initiatives by outsourcing marketing and public relations to external service providers, in support of the Investment Manager. These initiatives increased the reach of the Company to potential Shareholders and also supported an improvement in communications with existing Shareholders.

The Board recognises the importance of engaging with its core stakeholders, and of taking account of their interests when taking decisions.

Culture and Values

The Company's values focus on transparency, clarity and constructive challenge. The Directors recognise the importance of sustaining a culture that contributes to achieving the purpose of the Company that is consistent with its values and strategy.

Continuing Appointment of the Alternative Investment Fund Manager

The Board keeps the performance of the AIFM under continual review. The Management Engagement Committee conducts an annual appraisal of the AIFM's performance and makes a recommendation to the Board about the continuing appointment of the AIFM. As the AIFM has delegated the portfolio management function to the Investment Manager, the performance of the Investment Manager is also regularly reviewed. The annual review of the performance of the Investment Manager includes consideration of:

- overall performance and performance compared with the Benchmark and peer group;
- investment resources dedicated to the Company;
- investment management fee arrangements compared with the peer group; and
- marketing effort and resources provided to the Company.

It is the opinion of the Board that the continuing appointment of the AIFM, on the terms agreed, is in the best interests of Shareholders as a whole. The Board is of the view that the AIFM has managed the portfolio well, particularly the change of mandate, and in accordance with the Board's expectations and has delivered good returns.

Viability Statement

The Directors consider viability as part of their continuing approach of monitoring risk. The Directors have assessed the prospects of the Company over a longer period than the twelve months required by the "Going Concern" provision. The Board conducted this review for a period of three years, which was selected because it was considered to be a reasonable time horizon in the context of the Company's investment portfolio but also appropriately reflects the limitations forecasting the longer term revenue generation of the portfolio.

The Directors have carried out a robust assessment of the Company's principal and emerging risks, as well as its current position. The principal risks faced by the Company and the procedures in place to monitor and mitigate them are detailed on pages 9 to 11. The Company's long term viability assessment is underpinned by the characteristics below:

- the Company has a long term investment strategy, implemented via a consistently applied investment process which is designed to maximise the chances of the investment objectives being met;
- the Company has a portfolio of shares which are listed on regulated markets, many of which are highly liquid, and can be readily realised to help meet liabilities as they fall due. It has been reported by the Investment Manager that the portfolio has sufficient liquidity to meet all requirements with approximately 88% of the portfolio able to be liquidated within one day and 100% within three days;
- the Company has no long term debt, and restricts the level of short term borrowings;
- underlying revenue generation of the portfolio is regularly reviewed and monitored. The Investment Manager has seen a recovery in the underlying revenue generation of the companies in the portfolio to levels similar to those seen before the pandemic, whilst longer term forecasts indicate an encouraging upward trend that should help support a sustainable dividend; and

Corporate Review

(continued)

- the broadening of the investment policy has allowed the Company to further diversify its country and sector risk. The change in investment objective means the Company is now benefiting from a larger opportunity set in high growth areas, whilst further diversifying the portfolio and reducing the risk of idiosyncratic events materially influencing performance.

The Board has also considered the impact on the portfolio of further market shocks, such as those resulting from the COVID-19 pandemic. The Investment Manager performs both market based stress tests and scenario analysis. Stress tests cover a range of sensitivities such as the predicted impact on the portfolio based upon: interest rate movements, commodity price changes, currency appreciation/devaluation and equity market moves. This also includes scenarios based on hypothetical future events and historic points of market stress. In carrying out this assessment, the Board has considered the diversification of the Company's portfolio, as well as the liquidity profile and dividend coverage of underlying investments. This analysis did not indicate any matters of significant concern.

Based on the above assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the coming three years.

Modern Slavery Act

As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. In any event, the Board considers the Company's supply chain, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Environmental, Human Rights, Employee, Social and Community Issues

The Company does not have any employees and all of the Directors are non-executive and it has outsourced its functions to third-party service providers. As an investment trust, the Company has very limited direct impact on the community or the environment, and as such has no environmental, human rights, social or community policies. The Company has therefore not reported further in respect of these provisions.

The Company aims to conduct itself responsibly, ethically and fairly. ESG factors are considered by the Investment Manager as part of its investment process, where appropriate. Further information can be found in the Investment Manager's Report on pages 20 to 22, which is supported by the Board. A key consideration in the decision to change the investment policy was the move away from hydrocarbons in the portfolio.

The Board supports the Investment Manager in its belief that good corporate governance will help deliver sustainable long-term shareholder value. It therefore follows that in pursuing shareholder value, the Investment Manager will implement its investment strategy through proxy voting and active engagement with management and Boards. Please see pages 46 and 47 for further information.

This Strategic Report has been approved by the Board and signed on its behalf by:

Frances Daley

Chairman

3 December 2021

Board of Directors



FRANCES DALEY FCA, MCSI
Chairman

Frances qualified as a Chartered Accountant with a predecessor firm to EY and spent nine years in corporate finance followed by 18 years in various CFO roles. From 2007 to 2012, she was group finance director of the private equity backed Lifeways Group, the UK's largest provider of specialist support to adults with learning disabilities and mental health needs. She is also chair of Haven House Children's Hospice and a non-executive director of Henderson Opportunities Trust PLC and Regional REIT Limited.

She was appointed to the Board on 29 April 2014.



VIVIEN GOULD
Non-Executive Director

Vivien has worked in the financial services sector since 1981. She was a founder director of River & Mercantile Investment Management Limited (1985) and served as a senior executive and deputy managing director with the group until 1994. She then served on the boards of a number of listed investment trusts, investment management companies and other financial companies. She also served on the boards of a number of charities, including the Stroke Association, where she chaired the investment committee. Vivien is currently a non-executive director and senior independent director of The Lindsell Train Investment Trust PLC, a non-executive director of Schroder Asia Pacific Fund PLC and National Philanthropic Trust UK.

She was appointed to the Board on 11 March 2019.



CHRISTOPHER GRANVILLE
Non-Executive Director

Christopher was formerly a British diplomat in the Political Section of the British Embassy in Moscow and has a wealth of experience in Emerging Europe. He is currently a board director and managing director of TS Lombard, an independent investment research provider covering global macroeconomics and political drivers, having co-founded in 2006 what is now TS Lombard's emerging markets division. Previously, he spent six years as chief strategist and political analyst at United Financial Group (UFG), a Moscow-based investment bank that was acquired by Deutsche Bank in 2006. Christopher joined UFG from FlemingUCB, where since 1995 he had held the position of managing director and head of research. Christopher is a member of the board of directors of EOS Russia AB and a member of the investment committee of Olma Luxury Holdings Private Equity Fund.

He was appointed to the Board on 30 November 2018.

Board of Directors

(continued)



CALUM THOMSON FCA
Non-Executive Director and
Audit Committee Chairman

Calum is a Chartered Accountant with over 25 years' experience in the financial services industry. For over 21 years, he was an audit partner at Deloitte LLP, specialising in the asset management sector, with clients including a wide range of managers, investment trusts, banks, sovereign wealth funds, large charities and private equity funds. During his career, he led Deloitte LLP's global and UK asset management groups. He is a non-executive director and audit committee chairman of The Diverse Income Trust PLC, AVI Global Trust PLC, Standard Life Private Equity Trust PLC, BLME Holdings Limited and Ghana International Bank PLC. He currently chairs a charity: the Tarbat Historic Trust and is a trustee of the Suffolk Wildlife Trust.

He was appointed to the Board on 21 September 2017.



NADYA WELLS
Non-Executive Director and
Senior Independent Director

Nadya has over 20 years' Emerging and Frontier markets experience as a long term investor and governance specialist. Latterly she spent 13 years with the Capital Group until 2014, as a portfolio manager and analyst with a focus on EMEA markets. Prior to that she was a portfolio manager at Invesco Asset Management investing in Eastern Europe in closed end funds until 1999. She started her career with EY in management consulting. She is also an independent non-executive director on the supervisory board of Sberbank of Russia where she chairs the audit committee and sits on risk and strategy committees, a non-executive director of Hansa Investment Company Limited and also sits on the boards of various unlisted Luxembourgish SICAVs which are managed by abrdn. She has an MBA from INSEAD, an MA from Oxford University and an MSc from the University of Geneva.

She was appointed to the Board on 23 September 2015.

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Report of the Directors

The Directors of the Company are pleased to present their report, together with the audited financial statements of the Company, for the year ended 30 September 2021.

In accordance with the Listing Rules and the Disclosure, Guidance and Transparency Rules, the reports within the Corporate Governance section of this Annual Report should be read in conjunction with one another, and the Strategic Report. As permitted, some of the matters normally included in the Directors' Report have instead been included in the Strategic Report (pages 2 to 30) as the Board considers them to be of strategic importance.

Directors

As at 30 September 2021, the Board consisted of five Non-Executive Directors, all of whom are considered by the Board to be independent. The dates of their appointment are shown on pages 31 and 32, together with their full biographies, which demonstrate the range of skills and experience each Director brings to the Board.

The appointment and replacement of Directors is governed by the Company's Articles of Association (the "Articles"). The Articles may be amended by a special resolution of the Shareholders.

The Board carries out an annual review of the performance of each Director, of the Board as a whole and of each of the Board Committees. In accordance with the policy adopted by the Board and the AIC Code of Corporate Governance, all Directors will retire and submit themselves for re-election annually.

The Board is of the view that, following consideration of the findings of the annual evaluation, all Directors contribute effectively, possess the necessary skills and experience and continue to demonstrate commitment to their roles as Non-Executive Directors of the Company and its future. The Board, having considered the Directors' performance within the annual Board performance evaluation process, hereby recommends that Shareholders vote in favour of each Directors proposed re-election. Accordingly, all Directors will retire at the forthcoming AGM, and being eligible, will offer themselves for re-election.

There were no contracts or arrangements subsisting during the year under review or up to the date of this report in which any Director is or was materially interested, including with the AIFM, which is or was significant in relation to the Company's business. None of the Directors is entitled to compensation for loss of office on the takeover of the Company.

The Board has access to independent professional advice at the Company's expense where it judges it necessary to discharge its responsibilities properly. The terms and conditions of the Directors' appointments are set out in their letters of appointment, which are available for inspection on request at the registered office of the Company and at the AGM.

Chairman and Senior Independent Director

The Chairman of the Company, Frances Daley, and Senior independent Director of the Company, Nadya Wells are Non-Executive Directors.

Policy on Tenure of Directors

The Board does not believe it would be appropriate to set a specific tenure limit for individual Directors or the Chairman. However, the Board will seek to maintain an average tenure of nine years for all of its Directors, including the Chairman, thus preserving the cumulative valuable experience and understanding of the Company, while benefitting from fresh perspectives and helping to promote diversity.

Role and Responsibilities of the Chairman

The Chairman leads the Board and is responsible for its overall effectiveness in directing the affairs of the Company. Key aspects of the Chairman's role and responsibilities are to:

- act with objective judgement;
- promote a culture of openness and debate;
- facilitate constructive Board relations and the effective contribution of all Directors;
- work with the Company Secretary, to ensure that all Directors receive accurate and timely information so that they can discharge their duties;

Report of the Directors

(continued)

- seek regular engagement with the Company's Shareholders; and
- act on the results of the annual evaluation of the performance of the Board, its Committees and individual Directors. The Chairman was independent on appointment and remains independent as set out in the AIC Code.

Role and Responsibilities of the Senior Independent Director

The key elements of the Senior Independent Director's role are to:

- act as a sounding board for the Chairman;
- lead the annual evaluation of the Chairman as part of the annual evaluation process;
- in the event of any major difference of opinion on the direction of the Company, act as an intermediary between the Chairman, other Directors and the Investment Manager; and
- provide a conduit for views of Shareholders in the event that the usual channels are not available or not suitable in the circumstances.

Indemnity of Directors and Compensation for Loss of Office

Pursuant to the Articles and the Companies Act, the Directors are indemnified against any liability. There are no other qualifying third-party indemnity provisions in place. In addition, the Company has procured Directors' and Officers' liability insurance. The Company does not have any arrangements in place with any Director that would provide for compensation for loss of office.

Diversity

The Board of Directors of the Company comprises three females and two males.

The Company's diversity policy acknowledges the benefits of greater diversity, including gender diversity. The Board is committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives.

Whilst the Board has adopted a diversity policy, which recognises the importance and benefits of greater diversity including that of gender, it does not consider that it would be appropriate to set diversity targets as all Board appointments are made on merit, in the context of skills, knowledge and experience required for the effectiveness of the Board, and against objective criteria.

Board Independence

The Chairman and all Directors were considered independent of the Investment Manager at the time of their appointment and, in line with the guidelines of the AIC Code of Corporate Governance, all continue to be considered independent.

Share Capital

As at 30 September 2021, the Company's total issued share capital was 15,362,987 Ordinary Shares (30 September 2020: 15,594,232), of which the Company held 3,318,207 Ordinary Shares in treasury. The Ordinary Shares held in treasury are treated as not being in issue when calculating the weighted average of Ordinary Shares in issue during the year. All Ordinary Shares repurchased during the year have been cancelled. All of the Company's Ordinary Shares in circulation are listed on the main market of the London Stock Exchange and each Ordinary Share carries one vote.

The rights attached to the Company's Ordinary Shares are set out in the Company's Articles. The Company's Ordinary Shares are freely transferable. However, the Directors' may refuse to register a transfer of Ordinary Shares which are not fully paid nor where the instrument of transfer is not duly stamped or shown to be exempt from stamp duty. The Directors may also decline to register a transfer of an uncertificated share in the circumstances set out in the uncertificated securities rules, and where the number of joint holders to whom the uncertificated shares is to be transferred exceeds four. There are no restrictions on the voting rights of the Company's Ordinary Shares.

Amendments to the Company's Articles and the granting of authority to issue or buy back the Company's shares requires an appropriate resolution to be passed by Shareholders.

There are no restrictions on voting for the holders of Ordinary Shares, who are entitled to attend and vote at a Shareholders meeting.

Report of the Directors

(continued)

Share Issues

At the Annual General Meeting ("AGM") held on 21 January 2021, the Directors were granted authority to allot Ordinary Shares up to an aggregate nominal amount of £122,439 (being 10% of the issued Ordinary Share capital as at the date of publication of the Notice).

This authority is due to expire at the Company's forthcoming AGM. The Company has not issued any Ordinary Shares under this authority. Proposals for the renewal of this authority are set out in the notice of AGM.

Treasury Shares

Shares brought back by the Company may be held in treasury, from where they could be re-issued at a premium to NAV quickly and cost effectively. This provides the Company with additional flexibility in the management of its capital base. No shares were purchased for treasury during the year or since the year end. The Company holds 3,318,207 Ordinary Shares in treasury.

Purchase of Own Shares

At last year's AGM held on 21 January 2021, the Directors were authorised to make market purchases of up to 14.99% of the Company's Ordinary Shares in issue at that time, amounting to 1,835,361 shares. Since the AGM held on 21 January 2021 and the year end, the Company bought back 199,125 Ordinary Shares with a nominal value of 0.10 pence per Ordinary Shares, and at a total cost of £1,522,000 under this authority. As at 30 September 2021, the remaining authority for the purchase of own shares is 1,636,236 Ordinary Shares. A total of 3,318,207 Ordinary Shares are held in treasury, representing 21.60% of the issued share capital as at 30 September 2021.

This authority is due to expire at the Company's forthcoming AGM. Proposals for the renewal of this authority are set out in the notice of AGM, which is circulated separately to this report.

Substantial Shareholdings

Information on major interests in shares provided to the Company under the Disclosure, Guidance and Transparency Rules are published via a Regulatory Information Service.

As at the year end the Company had received notification of the following disclosable interests in the voting rights of the Company:

Shareholders	Year ended 30 September 2021	
	Number of Ordinary Shares notified	% Interest in share capital
City of London Investment Management Company Limited	3,132,408	26.01
Lazard Asset Management LLC, New York, United States of America	1,096,747	9.11
City of Bradford Metropolitan District Council	925,158	7.68

Corporate Governance

The statement of Corporate Governance, as shown on pages 38 to 47, forms part of this report by reference. The Directors have prepared a statement on how the principles and recommendations of the AIC Corporate Governance Code have been applied.

Going Concern

The Directors believe that, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, the Company has adequate resources and an appropriate financial structure in place to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of approval of the financial statements. The assets of the Company are well diversified and consist mainly of securities which are readily realisable. For these reasons, the Directors consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Report of the Directors

(continued)

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to disclose specific information in a single identifiable section of the Annual Report. The Directors confirm that there are no disclosures to be made under the Listing Rule 9.8.4.

Streamlined Energy and Carbon Reporting (“SECR”) statement: greenhouse gas (“GHG”) emissions and energy consumption disclosure

The Company has no employees or property and it does not combust any fuel or operate any facility. It does not, therefore, have any greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013, including those within its underlying investment portfolio.

The Company has zero emissions associated or attributed to the Company and no underlying global energy consumption. In addition, there are no energy efficiency action measures taken over the reporting year. This is the Company’s first SECR statement.

Conflict of Interest

The Articles provide that the Directors may authorise any actual or potential conflict of interest that may arise, with or without imposing any conditions that they consider appropriate on the Director. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and, in such circumstances, they are not counted in the quorum. A process has been developed to identify any of the Directors’ potential or actual conflicts of interest. This includes declaring any potential new conflicts before the start of each Board meeting. The Directors are satisfied that this procedure is adequate.

Companies Act 2006 Disclosures

In accordance with Section 992 of the Act, the Directors disclose the following information:

- the Company’s capital structure and voting rights are summarised on page 34, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- there exist no securities carrying special rights with regard to the control of the Company;
- details of the substantial Shareholders in the Company are listed on page 35;
- the Company does not have an employees’ share scheme;
- the rules concerning the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back the Company’s Ordinary Shares are contained in the Articles of Association of the Company and the Act;
- there are no agreements to which the Company is party to that may affect its control following a takeover bid; and
- there are no agreements between the Company and its Directors providing for compensation for loss of office that may occur because of a takeover bid.

The Board recognises the requirement under Section 417(5) of the Act to detail information about environmental matters (including the impact of the Company’s business on the environment), any Company employees and social and community issues; including information about any policies it has in relation to these matters and effectiveness of these policies. As the Company has no employees or policies in these matters this requirement does not apply. Notwithstanding, the Investment Manager takes into account these considerations when making investment decisions and determines its voting instructions at investee company meetings accordingly. Further details are set out on page 22.

Financial Risk Management

The principal financial risks and the Company’s policies for managing these risks are set out in note 14 to the Financial Statements.

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Report of the Directors

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Auditor

The Company's Auditor, BDO LLP, has indicated its willingness to continue in office. The Audit Committee has responsibility for making a recommendation to the Board on the re-appointment of the Independent Auditors. Resolutions for the re-appointment of BDO LLP and to authorise the Board to determine its remuneration will be proposed at the AGM.

Audit Information

The Directors who held office at the date of approval of this Report confirm that, so far as they are aware, there is no relevant information which the Company's auditor is unaware. Each Director has taken all reasonable steps that she or he ought to have taken as a Director to make herself or himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The AGM will be held on Tuesday, 25 January 2022 at 2:30 p.m. The formal notice of the AGM will be provided to Shareholders under separate cover. Separate resolutions are proposed for each substantive issue, and a full explanation of the resolutions being proposed at the AGM may be found in the Notice.

The Board considers that all the resolutions to be put to the meeting are in the best interests of the Company and its Shareholders as a whole. The Board unanimously recommends that you vote in favour of them, as those Directors (Frances Daley, Calum Thomson and Vivien Gould) who hold Ordinary Shares in the Company intend to do so.

Review of the Year

A review of the year and the outlook for the forthcoming year can be found in the Strategic Report and Investment Manager's Review.

The Board has considered this Report and Financial Statements. The Board has concluded that as a whole, the Report is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.

Post Balance Sheet Events

Since the year end and at the date of this Report, the Company has repurchased 27,399 of its own Ordinary Shares at a cost of £229,000. These Ordinary Shares will be cancelled.

Link Company Matters Limited

Secretary

3 December 2021

Statement of Corporate Governance

Background

The UK Listing Rules require listed companies to disclose how they have applied the principles and complied with the provisions of the corporate governance code to which the issuer is subject. The provisions of the UK Corporate Governance Code ("UK Code"), as issued by the Financial Reporting Council ("FRC") in July 2018, are applicable to the year under review and can be viewed at www.frc.org.uk.

The related Code of Corporate Governance (the "AIC Code") issued by the Association of the Investment Companies ("AIC") in February 2019 addresses all the principles set out in the UK Code as well as providing specific corporate governance guidelines to investment companies. The FRC has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code and the associated disclosure requirements of the FCA. The AIC Code can be viewed at www.theaic.co.uk.

Compliance

Throughout the year ended 30 September 2021, the Company complied with the principles and provisions of the AIC Code which incorporates the UK Code, except as set out below. The Board attaches great importance to the matters set out in the Code and strives to observe its principles. Accordingly, the table on the following pages reports on compliance with the recommendations of the AIC Code.

It should be noted that, as an investment trust, all of the Directors are non-executive and the Company's day-to-day responsibilities are delegated to third parties. Consequently, the Company has not reported on those provisions of the UK Code relating to the role of the chief executive or executive remuneration. The Board does not have a separate Remuneration Committee and considers there to be no need for an internal audit function. For the reasons set out in the AIC Code, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive Directors, employees or internal operations and as such the Directors do not determine the need for an internal audit function to be practicable or necessary. The Company has therefore nothing to report in respect of these provisions.

The Principles of the AIC Code

The AIC Code is made up of 18 principles and 42 provisions over five sections covering:

- Board Leadership and Purpose;
- Division of Responsibilities;
- Composition, Succession and Evaluation;
- Audit, Risk and Internal Control; and
- Remuneration.

The Board's Corporate Governance Statement sets out how the Company complies with the provisions of the AIC Code.

AIC Code Principle	Compliance Statement
<p>A. A successful company is led by an effective Board, whose role is to promote the long term sustainable success of the Company, generating value for Shareholders and contributing to wider society.</p>	<p>Members of the Board are fully engaged and bring diverse skills to the table fostering healthy debate. The investment objective is to achieve growth, principally through investment in emerging and frontier equity securities listed or traded on Eastern European, Middle Eastern and African (EMEA) markets.</p> <p>In managing the Company, the aim of the Board and of the Investment Manager is to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration.</p> <p>As part of this, the opportunities and risks faced by the business are considered, monitored and assessed on a regular basis, both in terms of potential and emerging risks that the business may face. More detail regarding the principal risks and uncertainties and the sustainability of the business model can be found in the Strategic Report on pages 2 to 30.</p>

Statement of Corporate Governance

(continued)

AIC Code Principle	Compliance Statement
<p>B. The Board should establish the Company’s purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture.</p>	<p>The purpose of the Company is also the investment objective, which is to achieve capital growth, principally through investment in emerging and frontier equity securities listed or traded on Eastern European, Middle Eastern and African (EMEA) markets, and to provide Shareholders with capital and income growth from a diversified portfolio of investments designed to outperform the Benchmark in sterling terms. The Board has defined its culture and values. It has also agreed behaviours and attributes that promote the culture and values.</p> <p>It does this by investing its assets with a view to spreading investment risk in accordance with the investment objective, while maintaining a diversified portfolio. As detailed on page 22, the Investment Manager takes ESG factors into consideration as part of the investment process.</p> <p>The Board assesses and monitors its own culture as part of the annual Board evaluation process, including its policies, practices and behaviour to ensure that it is appropriately aligned to the Company’s activities.</p>
<p>C. The Board should ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.</p>	<p>The Directors regularly consider the Company’s financial position in the context of its business model, the balance sheet and cash flow projections. The Board and the Management Engagement Committee regularly review the performance of the Company and the performance and resources of the Investment Manager and its other key service providers to ensure that the Company can continue to meet its objectives.</p> <p>The Audit Committee is responsible for assessing and managing risks and further information about how this is undertaken can be found in the Audit Committee Report on pages 51 to 55.</p>
<p>D. In order for the Company to meet its responsibilities to Shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.</p>	<p>The Board understands its responsibilities to Shareholders and stakeholders and considers the expressed opinions of all such parties when making any decision. The Board considers that, other than Shareholders, other key stakeholders are third-party providers, the Investment Manager and its investee companies. On page 27, the Board describes its key stakeholders, the reason they are important and how the Board seeks to gain an understanding of their interests and engage with them.</p> <p>The Management Engagement Committee reviews annually the performance of the Investment Manager and the Company’s other third-party service providers including the performance, level and structure of fees payable and the length of notice period, to ensure that the service providers remain competitive and the agreed arrangements are in the best interests of Shareholders.</p> <p>The Board considers the impact any decision will have on all relevant stakeholders to ensure that they are making a decision that promotes the long-term success of the Company, whether this be in relation to dividends, new investment opportunities, potential future fundraisings etc.</p> <p>In addition, the Directors welcome the views of all Shareholders and place considerable importance on communications with them.</p> <p>Any substantive communications regarding any major corporate issues would be discussed by the Board taking into account representations from the Investment Manager, the Auditor, Legal Adviser, Corporate Broker and Company Secretary.</p>

Statement of Corporate Governance

(continued)

AIC Code Principle	Compliance Statement
<p>F. The chair leads the Board and is responsible for its overall effectiveness in directing the Company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures that Directors receive accurate, timely and clear information.</p>	<p>There is a clear division of responsibility between the Chairman, the Directors, the Investment Manager and the Company's other third-party service providers.</p> <p>The Chairman is responsible for leading the Board and is responsible for its overall effectiveness in directing the affairs of the Company. The Chairman ensures that all Directors receive accurate, timely and clear information and promotes a culture of openness and debate in Board meetings by encouraging and facilitating the effective contribution of other Directors towards a consensus view. The Chairman also takes a leading role in determining the composition of the Board and for seeking to ensure effective communications with Shareholders and other stakeholders. Further details on the Company's engagement with Shareholders and other stakeholders can be found in the S.172(1) Statement set out on pages 27 to 29.</p> <p>The Board meets regularly throughout the year and representatives of the Investment Manager are in attendance, when appropriate, at each meeting and most Committee meetings. The Board has agreed a schedule of matters specifically reserved for decision by the Board.</p> <p>Prior to each Board and Committee meeting, Directors are provided with a comprehensive set of papers giving detailed information on the Company's transactions and financial position and all Directors have timely access to all relevant management, financial and regulatory information.</p> <p>The annual evaluation of the Board's effectiveness always considers the performance of the Chairman, and whether she has performed her role effectively. This year's evaluation was led by the SID, taking into account feedback from the Directors. The document setting out the roles of the Chairman and SID is available on the Company's website. This review concluded that the Chairman continues to make a significant contribution, and devotes sufficient time, to the affairs of the Company and continues to display excellent leadership, supporting the effective functioning of the Board.</p> <p>The SID acts as a sounding board for the Chairman, and provides a channel for any Shareholders concerns regarding the Chairman.</p>
<p>G. The Board should consist of an appropriate combination of Directors (and, in particular, independent Non-Executive Directors) such that no one individual or small group of individuals dominates the Board's decision making.</p>	<p>All of the Directors are non-executive and are independent of the Investment Manager and the other service providers.</p> <p>The Chairman, Frances Daley, was independent of the Investment Manager at the time of her appointment and remains so.</p> <p>Each Director is not a Director of another investment company managed by the Company's Investment Manager, nor has any Board member been an employee of the Investment Manager or any of its service providers.</p> <p>Mrs Wells is a Director of the Supervisory Board of Sberbank of Russia PJSC, a holding in the Company's investment portfolio. However, the Supervisory Board in line with the dual Board structure typical in Russia, has no executive control over Sberbank and as such the Board considers her independent with regards to her appointment to the Company.</p> <p>In the Board's opinion, each Director continues to provide constructive challenge and robust scrutiny of matters that come before the Board.</p> <p>The Nomination Committee considers the composition of the Board as well as the longer-term succession plans for the Board.</p>

Statement of Corporate Governance

(continued)

AIC Code Principle	Compliance Statement
<p>H. Non-executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third-party service providers to account</p>	<p>As part of the Board evaluation process, the contributions of each Director, as well as the time commitments made by each Board member are considered and reviewed. Directors' other commitments are regularly reviewed and any new appointments are considered by the other Directors to ensure there is no conflict of interest or risk of overboarding.</p> <p>Following the Board evaluation, it was concluded that each Director provided appropriate levels of challenge and provided the Company and the Investment Manager with guidance and advice when required.</p> <p>The Management Engagement Committee reviews the performance and cost of the Company's third-party service providers on an annual basis. More information regarding the work of the Management Engagement Committee can be found on pages 48 and 49.</p>
<p>I. The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.</p>	<p>The Board's responsibilities are set out in the schedule of Matters Reserved for the full Board and certain responsibilities are delegated to its Committees, so that it can operate effectively and efficiently. The Directors have access to the advice and services of the Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties. The Directors also have access to independent advisers as and when required.</p>
<p>J. Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.</p>	<p>The Board has established a Nomination Committee, comprising the whole Board. This Committee will lead the appointment process of new Directors as and when vacancies arise and as part of the Directors' ongoing succession plans. More information regarding the work of the Nomination Committee can be found on page 50. No Directors were appointed in the year under review.</p> <p>The Board has adopted a diversity policy, which acknowledges the benefits of greater diversity and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. Whilst the Board does not feel that it would be appropriate to set targets as all appointments are made on merit, the following objectives for the appointment of Directors have been established:</p> <ul style="list-style-type: none"> • all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective; and • long lists of potential Non-Executive Directors should include diverse candidates of appropriate merit. <p>The Company is committed to ensuring that any Board vacancies are filled by the most qualified candidates. The Company's policy on the tenure of Directors also helps guide long-term succession plans, and recognises the need and value of progressive refreshing of the Board.</p>
<p>K. The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.</p>	<p>The Directors' biographical details are set out on pages 31 and 32 of this report. These demonstrate the wide range of skills and experience that they bring to the Board.</p> <p>The Directors' skills, experience and knowledge matrix is reviewed as part of the annual evaluation process. When considering new appointments, the Board reviews its skills matrix and seeks to add individuals with complementary skills or who possess skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively.</p>

Statement of Corporate Governance

(continued)

AIC Code Principle	Compliance Statement
<p>L. Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each Director continues to contribute effectively.</p>	<p>An annual evaluation of the performance of the Board, its committees and individual Directors takes place every year. For the period under review, this was carried out by way of a questionnaire and subsequent discussions. The SID led the evaluation, which covered the functioning of the Board as a whole, the effectiveness of the Board Committees and the independence and contribution made by each Director.</p> <p>The Nomination Committee receives relevant points arising from the performance evaluation process and then considers the information when making a recommendation to the Board regarding the re-election of a Director.</p> <p>Following this review, the Board is satisfied that the structure, mix of skills and operation of the Board is effective and relevant for the Company and is recommending that Shareholders vote in favour of their election at the AGM.</p> <p>More information regarding the proposed re-election of each Director can be found in the Notice of AGM.</p>
<p>M. The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.</p>	<p>The Audit Committee supports the Board in fulfilling its oversight responsibilities by reviewing the performance of the external Auditor, audit quality, as well as the Auditor's objectivity and independence. The Committee also reviews the integrity and content of the financial statements, including the ongoing viability of the Company. The Audit Committee has put in place a non-audit services policy, which ensures that any work outside the scope of the standard audit work requires prior approval by the Audit Committee. This enables the Committee to ensure that the external Auditors remain fully independent.</p> <p>The Audit Committee carries out a review of the performance of the external Auditor on an annual basis.</p> <p>Feedback from other third parties, including the Investment Manager, is included as part of this assessment to ensure the Audit Committee takes into account the views of different parties who have a close working relationship with the external auditor.</p> <p>Further information regarding the work of the Audit Committee can be found on pages 51 to 55.</p>
<p>N. The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.</p>	<p>The Audit Committee supports the Board in assessing that the Company accounts present a fair, balanced and understandable assessment of the Company's position and prospects. The Audit Committee has considered the Annual Report and Accounts as a whole and agreed that they believe that the document presents a fair, balanced and understandable assessment of the Company's position and prospects.</p>
<p>O. The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.</p>	<p>The work of the Audit Committee supports the Board through its independent oversight of the financial reporting process, including the financial statements, the system of internal control and management of risk, the appointment and ongoing review of the quality of the work and independence of the Company's external Auditor. The Audit Committee reviews reports from the principal service providers on compliance and the internal and financial control systems in operation and relevant independent audit reports thereon.</p> <p>The Audit Committee has carried out an annual review of the effectiveness of the Company's systems of internal controls and, given the nature of the business, the Company is reliant on its service providers and their internal controls. The Audit Committee reviews the control systems in operation of the Company's key service</p>

Statement of Corporate Governance

(continued)

AIC Code Principle	Compliance Statement
<p>O. (continued)</p>	<p>providers insofar as they relate to the affairs of the Company. As set out in more detail in the Report of the Audit Committee on pages 51 to 55, the Company has in place a detailed system for assessing the adequacy of those controls.</p> <p>Oversight of the Audit Committee's internal controls is described in more detail in the Audit Committee report on page 53.</p>
<p>P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success</p>	<p>The Directors are all non-executive and independent of the Investment Manager. They receive fees and no component of any Director's remuneration is subject to performance factors. As outlined in the Remuneration Report on page 56, the Company follows the recommendation of the AIC Code that Non-Executive Directors' remuneration should reflect the time commitment and responsibilities of the role. The Company's policy is that the remuneration of Non-Executive Directors should reflect the experience of the Board as a whole and be determined with reference to comparable organisations and appointments. Directors are not eligible for bonuses, share options, long-term incentive schemes or other performance related benefits as the Board does not believe that this is appropriate for Non-Executive Directors.</p> <p>The Remuneration Policy is therefore designed to attract and retain high quality Directors, whilst ensuring that Directors remain focused and incentivised to promote the long-term sustainable success of the Company.</p> <p>Whilst there is no requirement under the Company's Articles of Association or letters of appointment for Directors to hold Ordinary Shares in the Company, the Chairman, Mr Thomson and Ms Gould own Ordinary Shares in the Company, all of which were purchased in the open market and using the Directors' own resources.</p> <p>The details of their shareholdings are set out on page 58.</p> <p>Further information can be found in the Remuneration Report on pages 56 to 60.</p>
<p>Q. A formal and transparent procedure for developing policy remuneration should be established. No Director should be involved in deciding their own remuneration outcome</p>	<p>As the Company has no employees and the Board is comprised wholly of Non-Executive Directors, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole, at its discretion, within an aggregate ceiling as set out in the Company's Articles of Association. Each Director abstains from voting on their own individual remuneration. The Remuneration Policy has been developed with reference to the peer group. There is an agreed fee which all Non-Executive Directors receive (irrespective of experience or tenure) and an additional fee for the roles of Audit Committee Chairman and SID. There is also an agreed fee for the role of Chairman. Any changes to the Chairman's fee are considered by the Board as a whole, with the exception of the Chairman who excuses herself from this part of the meeting. The details of the Remuneration Policy and Directors fees can be found on pages 56 to 57.</p>
<p>R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances</p>	<p>Any decision with regard to remuneration is taken after considering the performance of the Company and the current market conditions. As there are no performance related elements of the remuneration, there is very little scope for the exercise of discretion or judgement.</p>

Statement of Corporate Governance

(continued)

The Board

Collectively the Board has the requisite range of business and financial experience which enables it to provide clear and effective leadership and proper stewardship of the Company. None of the Directors has a service contract. However, letters of appointment setting out the terms of their appointment are in place. Directors are not entitled to any compensation for loss of office.

Board Operation

The Directors meet at regular Board meetings, which are scheduled in advance and additional meetings and telephone meetings are arranged as necessary. Directors' attendance at Board and Committee meetings during the year was as follows:

	Board Meetings		Audit Committee Meetings		Nomination Committee Meetings		Management Engagement Committee Meetings	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Frances Daley	4	4	3	3	2	2	2	2
Vivien Gould	4	4	3	3	2	2	2	2
Christopher Granville	4	4	3	3	2	2	2	2
Calum Thomson	4	4	3	3	2	2	2	2
Nadya Wells	4	4	3	3	2	2	2	2

The Board also held one scheduled annual Strategy meeting of the Company, which all Directors attended.

Ad hoc Board and Committee meetings were held during the year as required. Specifically, the Audit Committee met to consider the reportable financial highlights of the Company with a view to improving corporate reporting.

The Board deals with the Company's affairs, including the consideration of overall strategy, the setting and monitoring of investment policy and the review of investment performance. The AIFM takes decisions as to asset allocation and the purchase and sale of individual investments.

The Board papers circulated before each meeting contain full information on the financial condition of the Company. Key representatives of the AIFM attend most of the Board meetings, enabling Directors to probe further or seek clarification on matters of concern.

Matters specifically reserved for discussion by the full Board have been defined and a procedure has been adopted for the Directors to take independent professional advice if necessary, at the Company's expense.

Election/re-election of Directors

Under the Company's Articles and in accordance with the AIC Code, Directors are required to retire at the first AGM following their appointment. Thereafter, at each AGM all Directors will seek annual re-election.

Board Evaluation

The effectiveness of the Board, the Chairman, the Committees and individual Directors during the year was undertaken by way of questionnaires specifically designed to assess the strengths and weaknesses of the Board and its Committees. The questionnaires were completed by each Director and the assessment covered the functioning of the Board as a whole and a similar review of the effectiveness of the Chairman, Board Committees and the individual performance of the Directors.

The questionnaires are also intended to analyse the focus of Board meetings and assess whether they are appropriate, or if any additional information may be required to facilitate Board discussions. The results of the Board evaluation process were reviewed and discussed by the Nomination Committee and Board.

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Statement of Corporate Governance

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As a result of the evaluation, the Board considers that all the current Directors contribute effectively and have the skills and experience relevant to the leadership and direction of the Company. The Board further concluded that the Chairman remained independent and her performance was satisfactory, with strong leadership capability.

The Board has also reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company. The Board therefore recommends that Shareholders vote in favour of each resolution proposing each individual Director's re-election at the forthcoming AGM.

Board Committees

The Board has agreed a schedule of matters specifically reserved for decision by the full Board, subject to which the Board has delegated specific duties to Committees of the Board which operate within written terms of reference. The Board had three Committees in operation during the reporting period, and has delegated certain responsibilities to its Audit Committee, Management Engagement Committee and its Nomination Committee. The Board has established formal terms of reference for each of the Committees which are available on the Company's website.

The Board believes that the interests of Shareholders in an investment trust company are best served by limiting its size so that all Directors are able to participate fully in all the activities of the Board. It is for this reason that the membership of the Audit, Management Engagement Committee and Nomination Committees is the same as that of the Board as a whole. The Board considers that, as it is comprised of independent Non-Executive Directors, it is not necessary to establish a separate Remuneration Committee. Functions normally carried out by a remuneration committee are dealt with by the Board. Each Director abstains from voting on their individual remuneration.

The Directors' Remuneration Policy and Directors' fees are detailed in the Directors' Remuneration Report on pages 56 to 58 respectively.

Audit Committee

The Directors have appointed an Audit Committee consisting of the whole Board which is chaired by Calum Thomson FCA. The Board's view is that the members of the Committee, taken as a whole, have the necessary recent and relevant financial experience and as a whole has competence relevant to the sector in which the Company operates. The Audit Committee reviews audit matters within clearly-defined written terms of reference. The Audit Committee Report can be found on pages 51 to 55.

The Board notes that the AIC Code permits the Chairman of the Board to be a member of the Audit Committee of an investment trust. In recognising the Chairman's experience, the Audit Committee resolved to continue the Chairman's appointment to the Committee.

Nomination Committee

The Nomination Committee consists of the whole Board and is chaired by Nadya Wells. The Committee meets at least annually and terms of reference are in place which include reviewing the Board's size, structure and diversity, succession planning and training. Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates. The Board has adopted a diversity policy, which acknowledges the benefits of greater diversity, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. External search consultants may be used to ensure that a wide range of candidates can be considered. Potential candidates known to Directors through their extensive knowledge of the industry may also be considered. The Nomination Committee Report can be found on page 50.

Management Engagement Committee

The Management Engagement Committee comprises the whole Board, being independent Directors and is chaired by Nadya Wells. The Committee meets at least annually to review the performance of the AIFM and to consider any variance to the terms of the AIFM Agreement, and reports its findings to the Board. It also reviews the performance and terms of engagement of the Company's third-party service providers.

The Committee met twice following the year end to consider the performance of the Investment Manager and other third-party service providers over the preceding financial period.

Please see pages 48 and 49 for the considerations of the Committee in reaching its recommendation to the Board about the continuing appointment of the Investment Manager.

Statement of Corporate Governance

(continued)

Risk Management and Internal Controls

The Directors are responsible for the Company's system of risk management and internal control which is designed to safeguard Shareholders' investment and the Company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material misstatement or loss.

The Board as a whole is primarily responsible for the monitoring and review of risks associated with investment matters and the Audit Committee is primarily responsible for other risks. As the Board has contractually delegated to external parties the investment management, the depositary and custodial services and the day-to-day accounting and company secretarial requirements, the Company relies significantly upon the internal controls operated by those companies.

The Audit Committee has concluded that the Company should not establish its own internal audit function. The Board continues to monitor its system of internal control in order to ensure it operates as intended and the Audit Committee reviews annually whether an internal audit function is required. Alternative investment fund management services are provided by Barings and details of the agreement with the AIFM are given in note 3 to the Financial Statements.

The Depositary is State Street Trustees Limited and the Custodian is State Street Bank & Trust Company. Administration services are provided by Link Alternative Fund Administration Limited. Company Secretarial services are provided by Link Company Matters Limited.

Regular risk assessments and reviews of internal controls are undertaken in the context of the Company's overall investment objective by the Board, through the Audit Committee.

The Audit Committee maintains a risk matrix, which identifies the risks to the Company and details the controls in place to mitigate those risks. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. The risk matrix is updated when emerging risks are identified.

As part of the risk review process, regular reports are received from the AIFM on all investment matters including compliance with the investment mandate, the performance of the portfolio compared with the Benchmark and compliance with investment trust status requirements.

Most functions for the day-to-day management of the Company are sub-contracted, and the Directors therefore obtain regular assurances and information from key third-party suppliers regarding the internal systems and controls operated in their organisations. In addition, each material third-party is requested to provide a copy of their report on internal controls each year, which is reviewed by the Audit Committee.

These processes were in place during the year and was in place at the date of the signing of this Report. The principal risks that have been identified by the Board are set out on pages 9 to 11.

Relations with Shareholders

The Board regularly reviews the AIFM's contact with the Company's Shareholders and monitors its Shareholders profile. The Board supplements this with some direct contact with Shareholders and is available to speak with any Shareholders who wishes to do so. A quarterly newsletter is produced by the AIFM and is available to Shareholders. The Board supports the principle that the AGM be used to communicate with private investors. In normal circumstances, all Board members would attend the AGM and the Chairman of the Board chairs the meeting. Details of the proxy votes received in respect of each resolution are made available to Shareholders at the meeting. The AIFM attends to give a presentation to the meeting.

A separate Notice of AGM is being sent to Shareholders, together with this Report and Accounts.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting in respect of its investee companies to its AIFM. The AIFM have in turn delegated this responsibility to the Investment Manager.

The Investment Manager engages a proxy voting service provider ("Service Provider") responsible for processing and maintaining records of proxy votes. In addition, the Service Provider will retain the services of an independent third-party research provider ("Research Provider") to provide research and recommendations on proxies.

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Statement of Corporate Governance

(continued)

The Investment Manager recognises that there may be times when it is in the best interests to vote in whole or in part against the Research Provider's recommendations or Guidelines. If in such case the Investment Manager wishes to vote against the Research Provider's recommendations or Guidelines, the documented rationale must be submitted to the appropriate governance group at the Investment Manager for approval.

The Investment Manager retains the right not to vote a proxy in such circumstances as follows:

- the cost of voting a proxy for a foreign security outweighs the expected benefit, so long as refraining from voting does not materially harm the Company;
- the Investment Manager is not given enough time to process the vote (i.e. receives a meeting notice and proxy from the issuer too late to permit voting);
- the Company may hold shares on a company's record date, but sells them prior to the investee's meeting date;
- the investee has participated in share blocking, which would prohibit the Investment Manager's ability to trade or loan shares for a period of time;
- the Investment Manager has outstanding sell orders on a particular security and the decision to refrain from voting may be made in order to facilitate such sale; or
- the underlying securities have been lent out pursuant to a security lending program.

This is a non-inclusive list of examples. The Investment Manager will supply the Company with the voting record for the most recent 12-month period ending 30 September 2021 for those proxies it has voted on behalf of the Company.

In the Investment Manager's assessment of the risk factors, prior to making an investment in these classes, the Investment Manager will take into account the corporate governance structure of the company, judging whether the structure could inhibit the delivery of good returns and whether the interests of the management are aligned with those of the investors in the company.

The Investment Manager makes use of an external agency, Institutional Shareholders Services ("ISS"), a recognised authority on proxy voting and corporate governance to assist on voting procedures. ISS gives recommendations which the Investment Manager assess and then votes in accordance with what they believe to be in the best interests of the Company.

On behalf of the Board

Frances Daley

Chairman

3 December 2021

Management Engagement Committee Report



Nadya Wells
Chair of the Management
Engagement Committee

I am pleased to present the Management Engagement Committee Report for the year ended 30 September 2021.

Composition and Role of the Management Engagement Committee

The Management Engagement Committee comprises myself, as Chairman, and the entire Board, all being independent Non-Executive Directors. Clearly defined Terms of Reference have been established and agreed by the Board, which are available on the Company's website.

The Committee's primary responsibilities are to:

- monitor and evaluate the Investment Manager's investment performance and compliance with the terms of the AIFM Agreement;
- review the terms of the AIFM Agreement annually to ensure that the terms conform with market and industry practice and remain in the best interests of Shareholders;
- recommend to the Board any variation to the terms of the AIFM Agreement which it considers necessary or desirable;
- review and make the appropriate recommendations to the Board as to whether the continuing appointment of the AIFM is in the best interests of the Company and Shareholders;
- review the level and method of remuneration of the Investment Manager;
- monitor the appropriateness and compliance of other service providers' terms of their respective agreements;
- review, consider and recommend to the Board any amendments to the terms of the appointment and remuneration of other service providers; and
- consider any points of conflict of interest which may arise between the service providers.

Matters Considered During the Year

The Committee met twice during the year under review, to consider the performance and the continuing appointment of the AIFM and, to review the performance of the Company's other third-party service providers. The Committee conducted its annual review of the performance of the Investment Manager, which included consideration of:

- overall performance and performance compared with Benchmark and peer group;
- investment resources dedicated to the Company;
- investment management fee arrangements compared with the peer group; and
- marketing effort and resources provided to the Company.

With respect to the review of the performance of the Company's other third-party service providers, the Committee considered the quality of services provided and the overall value for money.

Clearly defined Terms of Reference have been established and agreed with the Board, which are available on the Company's website.

The Committee concluded that the services provided by other service providers were satisfactory and the agreements entered into were operating in the best interests of Shareholders.

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Management Engagement Committee Report

(continued)

Continuing Appointment of the Alternative Investment Fund Manager

The Board keeps the performance of the AIFM under continual review. The Committee conducts an annual appraisal of the AIFM's performance and makes a recommendation to the Board about the continuing appointment of the AIFM.

It is the opinion of the Board that the continuing appointment of the AIFM, on the terms agreed, is in the best interests of Shareholders as a whole. The Board is of the view that the AIFM has managed the portfolio well in accordance with the Board's expectations. The Board has agreed a reduction in the management fee with the Investment Manager to 0.75% of the net assets of the Company. This reduction was effective from 13 November 2020.

Nadya Wells

Chair of the Management Engagement Committee

3 December 2021

Nomination Committee Report



Nadya Wells
Chair of the Nomination
Committee

I am pleased to present the Nomination Committee Report for the year ended 30 September 2021.

Composition and Role of the Nomination Committee

The Nomination Committee comprises myself, as Chairman, and the entire Board, all being independent Non-Executive Directors. Clearly defined Terms of Reference have been established and agreed by the Board, which are available on the Company's website. The primary responsibilities of the Committee are:

- to review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board;
- to give full consideration to succession planning for Directors in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- to identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- to review the results of the Board performance evaluation process that relate to the composition of the Board; and
- to review annually the time required from Non-Executive Directors.

The Committee is cognisant of the link between succession planning, strategy and the culture of the Company, and the role in which it plays.

The Committee in order to consider succession planning for the Board, reviews the matrix setting out the skills and competencies of the Board. It undertakes a proactive process of planning, review and assessment, considering the strategic priorities and main factors affecting the long-term success and future of the Company and the associated diversity, skill sets and breadth of perspectives needed on the Board. Suitably qualified external search consultants assist in the search process for all new Board appointees.

Activities During the Year

Effective succession planning is important for the long-term success of the Company. The Committee keeps the composition of the Board under review to monitor the continuing independence of the Non-Executive Directors, to identify any gaps in skills or experience so that appropriate training can be arranged, and to inform the succession plan for future Board appointments as new skills needs emerge. This year the Committee undertook a comprehensive revision of the skills matrix taking into account competencies related to the expansion of the mandate and ESG objectives of the Company.

The Committee will continue to make recommendations for new appointments to the Board based on merit, with candidates measured against objective criteria and with regard to the skills and experience they would bring to the Board. It will also consider and review the appointment of the Chairman, and the Chairman will be excluded from these discussions.

The Committee considered the results of the Board evaluation and the Company's culture. The Committee developed a new shared vision for culture at Board level as a foundation for the congenial Board environment of respectful challenge. The Committee believes this environment allows each board member to contribute their skills to the long term success of the Company. During the year, the Committee held two scheduled meetings which were attended by all members of the Committee.

The Board, on the recommendation of the Committee, is satisfied that each Non-Executive Director serving at the end of the year remains independent and continues to have sufficient time to discharge their responsibilities to the Company.

Nadya Wells
Chair of the Nomination Committee
3 December 2021

Audit Committee Report



Calum Thomson
Chairman of the Audit
Committee

I am pleased to present the Audit Committee Report for the year ended 30 September 2021.

Composition and Role

The Audit Committee, chaired by myself, comprises the entire Board, including the Chairman of the Board. Ms Daley was independent on appointment and the Committee considers it appropriate for her to be a member having regard to her skills, experience and valued contributions, which enhance the overall effectiveness of the Committee. The Committee members collectively have a broad range of financial, commercial, investment and Emerging Europe sector experience. Both Ms Daley and I are qualified Chartered Accountants. I am satisfied that the Committee members, individually and collectively, are independent and appropriately experienced and, that at least one member has recent and relevant financial experience. The biographies of the Directors may be found on pages 31 and 32.

Clearly defined Terms of Reference have been established and agreed by the Board, which are available on the Company's website. The primary responsibilities of the Audit Committee are to:

- monitor the integrity of the financial statements, the financial reporting process and the accounting policies of the Company;
- review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides Shareholders with sufficient information to assess the Company's performance, business model and strategy;
- report to the Board on any significant financial reporting issue and judgements having regard to any matters communicated to it by the Auditor;
- review the effectiveness of the internal control environment of the Company and risk management systems;
- review the Company's risk register, including significant and emerging risks;
- manage the relationship with the Company's external Auditor, including reviewing the Auditor's remuneration, independence and performance and make recommendations to the Board as appropriate;
- review the Auditor's independence and objectivity and the effectiveness and quality of the audit process; and
- regularly review the need for an internal audit function.

The Audit Committee usually meets three times a year to review the Annual and Half Year Financial Reports, audit timetable and other risk management and governance matters. It may meet more often if deemed necessary, or if required by the Auditor. During the year under review, the Audit Committee met on four occasions, three scheduled meetings and one ad-hoc meeting. All members attended these meetings. Please see page 44 for member attendance.

The Audit Committee has direct access to the Company's Auditor, BDO LLP, and representatives of the Auditor attend an Audit Committee meeting at least once a year. The Audit Committee meets with the Auditor once during the year without the presence of the Investment Manager and Administrator.

Audit Committee Report

(continued)

Significant Matters Considered by the Audit Committee

During its review of the Company's financial statements for the year ended 30 September 2021, the Audit Committee considered the following matters to be significant issues, including those communicated by the Auditor during its review:

Significant Issue	How the issue was addressed
Valuation of the investment portfolio	<p>The Board relies on the Administrator and the Investment Manager to use correct listed prices and seeks comfort in the testing of this process through the internal control statements. This was discussed with the Administrator, Investment Manager and Auditor at the conclusion of the audit of the financial statements.</p> <p>The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1 to the financial statements, on pages 71 to 74. The Investment Manager reviews the valuation of the investments by both the Administrator and Custodian. Actively traded investments are valued using stock exchange prices provided by a third-party vendor. Regular updates are provided to the Audit Committee about the activities and valuations of any unquoted holdings. The Company uses the services of an independent Depository (State Street) to hold the assets of the Company. The Depository checks the consistency of its records with those of the Manager on a monthly basis and reports to the Audit Committee.</p> <p>The Investment Manager regularly provides information to the Audit Committee in respect of the liquidity of the portfolio.</p> <p>During the year, and, at the year-end, there were no matters brought to light which called into question that the key controls in this area were not working.</p>
Existence of the investment portfolio	<p>Like all services performed by the Company, the Committee relies on third-party service providers to ensure controls are in place. The Company uses the services of an independent Custodian to hold the assets of the Company. The investment portfolio is reconciled by the Investment Manager to the Custodian's records on a monthly basis. The Investment Manager also reviewed the Custodian's service levels and performance throughout the year and conducted quarterly performance reviews with the Custodian.</p> <p>The Company has also appointed a Depository whose responsibilities include monitoring the controls operated by the Custodian and overseeing the safekeeping of the Company's assets. The Committee receives regular reports from the Depository, including details on its oversight of the Custodian.</p>
Accuracy of the calculation for any tender conditions; discount and performance	<p>In view of a potential tender offer, the level of discount and performance is calculated by the Administrator. This is also reviewed by the Investment Manager and the Audit Committee. Furthermore, the calculations are subject to an review by the external Auditor.</p>

Going Concern and Viability

The Committee reviews and assesses the Annual Report as a whole, in particular the year-end financial statements and makes recommendations to the Board, in particular to confirm that it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy and has reported these findings to the Board. This included an assessment and recommendation to the Board on whether it was appropriate to prepare the Company's financial statements on a going concern basis. This review included challenging the assumptions on viability of the Company and reviewing stress tests focused on its ability to continue to remain viable. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 61.

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Audit Committee Report

(continued)

Other Matters Considered by the Audit Committee in the Year

The Committee also reviewed the key risks of the Company and the internal control framework operating to control risk. The Committee also reviewed the proposed programme for the year-end audit and the subsequent Audit Report of the external Auditor.

In addition to the matters included above the Audit Committee has:

- reviewed the revenue forecast and analyses prepared by the Administrator, in order to make a recommendation on the semi-annual and final dividends;
- agreed the audit plan, including the principal areas of focus and agreed the audit fee with the Auditor;
- reviewed and updated the Company's risk matrix, including assessment of emerging and principal risks facing the Company;
- reviewed the internal controls and risk management systems of the Company and the control reports of its third-party service providers, including those issued by the Company's Administrator, Depositary, Custodian and Investment Manager;
- agreed to seek assistance from the Company's Auditor to examine the measures the Company's Custodian had in place to review the internal controls of the sub-custodians;
- met with the Investment Manager to discuss and challenge the valuation and existence of unquoted and quoted investments and to review the liquidity of the portfolio; and
- considered the recoverability of withholding tax on several of the Company's dividends received, some of which is irrecoverable. However, such recovery can be difficult in some jurisdictions, and the Company has incurred professional service fees in this area.

At each Audit Committee meeting, the members discussed the emerging risks that may have an impact on the Company. Amongst other topics the Committee also considered the impact of COVID-19 on the new investment mandate of the Company and the different approaches followed by countries to restore economies following the impact of COVID-19. Reassurance was sought from the Investment Manager that these risks were taken into consideration. Other topics that were considered included the longer-term impact of issues such as climate change and energy transformation. With regards to Brexit, the Committee considered whether the ability to recover withholding tax on EU investments would in any way be impaired. It was decided that this should be reviewed on an ongoing basis as the details of the UK's future relationship with the EU become clearer.

Internal Controls and Risk

The Board has ultimate responsibility for the management of risk and the Company's systems of internal control. The Board, through the Audit Committee, has established an ongoing process for identifying, evaluating and managing risks. The Audit Committee has exercised its management of financial, operational and compliance risks and of overall risk by relying on regular reports on performance attribution and other management information provided by the Investment Manager and other third-party suppliers. The Audit Committee reviews annual reports from the AIFM, the Depositary, the Registrar, Administrator, Investment Manager and the Custodian on their internal controls and their operation. These control reports are designed to provide details of the internal control procedures operated by the relevant entity and typically include a report by an independent reporting accountant. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

Regular risk assessments and reviews of internal controls are undertaken in the context of the Company's overall investment objective. The Board, through the Audit Committee, has identified risk management controls in four key areas: corporate strategy; published information and compliance with laws and regulations; relationships with service providers; and investment and business activities. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance; and
- the cost to the Company and benefits related to the Company and third parties operating the relevant controls.

Audit Committee Report

(continued)

A risk matrix has been produced against which the risks identified and the controls in place to mitigate those risks can be monitored. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. This risk matrix is reviewed twice a year by the Audit Committee and at other times as necessary. The principal and emerging risks that have been identified by the Board are set out on pages 9 to 11.

The Board reviews financial information produced by the Investment Manager and the Administrator on a regular basis. Most functions for the day-to-day management of the Company are sub-contracted, and the Directors therefore obtain regular assurances and information from key third-party suppliers regarding the internal systems and controls operated in their organisations. In addition, each of the third parties is requested to provide a copy of its report on internal controls each year, which is reviewed by the Audit Committee, together with letters of comfort confirming that those controls were still in operation at the Company's year end.

Audit

Regulations currently in force require the Company to rotate audit firms after a period of 10 years, which may be extended where audit tenders are carried out or where more than one audit firm is appointed to carry out the audit. BDO LLP was appointed as the Auditor in 2019 following a formal tender process and presented their first report in respect of the 2019 financial year.

The Audit Committee monitors and reviews the effectiveness of the audit process for the Annual Report, including a detailed review of the audit plan at the planning stage and the audit results report on completion of the audit, and make recommendations to the Board on the re- appointment, remuneration and terms of engagement of the Auditor. The Committee challenged the Auditor relating to the process undertaken to audit the valuation and ownership of investments.

The Audit Committee meets at least once a year with the Auditor. The Auditor provides a planning report in advance of the annual audit and a report on the annual audit and its findings. The Audit Committee has an opportunity to discuss any aspect of the Auditor's work, ask questions and challenge the Auditor. In addition, the Auditor was requested to review the recoverability of withholding tax and the calculation of the average discount.

The Committee reviewed and discussed the findings of the FRC's recent 2021 Audit Quality Report on the quality of audits performed by BDO LLP and has satisfied itself that none of the shortcomings identified are materially relevant to the audit of the Company.

Independence and Objectivity of the Auditor

BDO LLP has been the auditor to the Company from the 2019 financial year and was appointed following a competitive tender process. The audit partner of the Company has not been rotated since the Auditor's initial appointment. The Committee acknowledges that rotating the Audit Partner provides a fresh perspective on the audit responsibilities for the Company. The Audit Committee regularly considers the need to put the audit out to tender, its fees and independence, together with any matters raised during the audit.

Peter Smith, the current Audit Partner, has served for a tenure of three years and will step down as audit partner after he has served for five years. The Audit Committee reviews the scope and nature of all proposed non audit services before engagement, to ensure the independence and objectivity of the auditor are safeguarded. The Auditor was asked to attest that BDO LLP and the audit team members are independent of the Company. BDO LLP also confirmed that it had not been engaged to provide any non-audit services.

The Audit Committee has reviewed the effectiveness and quality of the Auditor including: independence; the quality of the audit work including the ability to resolve issues in a timely manner, its direct communication with the Company; its cost effectiveness; feedback from the Investment Manager and Administrator; and the quality of people and services. The Auditor has not provided any non-audit services to the Company during the year under review (2020: None).

The Audit Committee has satisfied itself that the Auditor remains independent and objective. The Board concluded, on the recommendation of the Audit Committee, that the Auditor be re-appointed at the forthcoming Annual General Meeting.

Audit Committee Report

(continued)

Audit Fees and Non-Audit Services

An audit fee of £30,150 (exclusive of VAT) has been agreed in respect of the audit for the year ended 30 September 2021 (2020: £29,000).

All proposed non-audit services must be notified to the Audit Committee, which considers any such proposal before engagement in order to maintain auditor independence and objectivity. No non-audit fees were paid to BDO LLP in the year.

Tax Services

The Company has appointed KPMG LLP to provide certain tax compliance services.

Internal Audit

The Audit Committee has determined that there is no need for an internal audit function as it delegates most of its operations to third parties and does not employ any staff. The Audit Committee considers annually whether there is any need for an internal audit function, and it has agreed that it is appropriate for the Company to rely on the controls which exist within its third-party providers.

The Company does not have a whistleblowing policy and procedure in place. It delegates its main functions to third-party providers who have such policies in place and the Audit Committee understands that these policies meet the industry standards.

Committee Effectiveness

During the year, the Board carried out an internally facilitated evaluation of its performance and that of its Committees. The evaluation confirmed that the Audit Committee continued to operate at a high standard.

Financial Statements

In finalising the Financial Statements for recommendation to the Board for approval the Committee has concluded that the going concern principle is appropriate. The Audit Committee has also satisfied itself that the Annual Report and Financial Statements taken as a whole are fair, balanced and understandable, and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Calum Thomson

Chairman of the Audit Committee
3 December 2021

Directors' Remuneration Report

for the year ended 30 September 2021

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30 September 2021, which has been prepared in accordance with the requirements of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on pages 62 to 67.

Statement by the Chairman

A key driver of the remuneration policy is that fees payable to Directors should be sufficient to attract and retain individuals with suitable knowledge and experience.

The basis for determining the level of any change in Directors' remuneration is set out in the Directors' Remuneration Policy below.

The Remuneration Policy is being put to shareholders for approval at the forthcoming AGM, as changes are being proposed to it. Please see below for further details.

No discretionary fees have been paid to the Directors during the year and the payment of such fees is expected to only be necessary in exceptional circumstances. Any discretionary fees will be clearly disclosed in the Directors' Remuneration Report accompanied by an explanation of the work undertaken and why it was deemed necessary to pay such additional remuneration.

Remuneration Committee

The Board as a whole fulfills the function of the remuneration committee and considers any change in the Directors' Remuneration Policy. Given the size of the Board, it is not considered appropriate for the Directors to have a separate committee and it has therefore not been established. The Company's Directors are all non-executive and are independent of the Investment Manager. The Company has no employees.

Directors' Remuneration Policy

The Directors' Remuneration Policy (the "Policy"), detailed below, is put to Shareholders' vote at least once every three years and in any year if there is to be a change in Policy. In determining the Policy, the Board takes into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of the AIC Code. The appropriateness and relevancy of the Policy is reviewed annually, particularly to ensure that the Policy supports the long-term success of the Company.

Companies are required to ask Shareholders to approve the annual remuneration report, which includes the annual remuneration paid to Directors, each year and to formally approve the Directors' Remuneration Policy on a three-yearly basis. Any change to the Directors' Remuneration Policy requires Shareholders approval. The vote on the Directors' Remuneration Report is an advisory vote, whilst the Directors' Remuneration Policy is subject to a binding vote.

A resolution to approve the Policy was proposed and approved by Shareholders at the AGM on the Company held on 23 January 2020. A Statement of Voting is on page 59.

This Remuneration Report will be proposed to Shareholders at the forthcoming AGM.

Current Policy

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors. Subject to this overall limit, currently £175,000 per annum, it is the Company's policy to determine the level of Directors' fees having regard to fees payable to Non-Executive Directors in the investment trust industry generally, the role that individual Directors fulfil, and the time committed to the Company's affairs.

The Company does not provide pension benefits, rights to any bonuses, share options or long-term incentive schemes or performance-related payments to Directors. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses incurred in attending the Company's business.

Directors' Remuneration Report

(continued)

Proposed New Policy

The Board's policy is that the remuneration of Directors should be fair and reasonable in relation to that of other comparable investment companies and be sufficient to retain and motivate appointees, as well as ensure that candidates of a high calibre are recruited to the Board. Remuneration levels should properly reflect time incurred and responsibility undertaken. Fees for the Directors are determined by the Board within the limits stated in the Company's Articles of Association. The maximum currently dictated by the Company's Articles of Association is £250,000 in aggregate per annum*. Directors do not have service contracts. Directors are appointed under letters of appointment, copies of which are available for inspection at the registered office of the Company.

Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in connection with the performance of their duties and attendance at board and general meetings and committee meetings. Also, the Directors may, in the furtherance of their duties, take legal advice at the Company's expense, having first consulted with the Chairman.

Directors are not eligible for bonuses, pension benefits, share options or other incentives or benefits. There are no agreements between the Company and its Directors concerning compensation for loss of office. The same principles will apply to any new appointments.

The Directors' fees are subject to regular review by the Board having regard to the above factors. The Company's Articles also provide that additional discretionary payments can be made for services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director.

Component Parts of the Directors' Remuneration

	Year ended 30 September 2021	Year ended 30 September 2020
	£	£
Chairman's base fee	36,000	36,000
Non-executive Director base fee	27,000	27,000
Additional fee for the Chairman of the Audit Committee	3,000	3,000
Additional fee for the Senior Independent Director	1,000	1,000

It is the Company's policy that the Chairman, the Chairman of the Audit Committee and Senior Independent Director be paid higher fees to reflect their more onerous roles.

Implementation of the Policy

The determination of the level of fees paid to Directors, which are reviewed on a periodic basis, is dealt with by the whole Board as it is not considered appropriate for the Company to have a separate Remuneration Committee as all the Directors are Non-Executive. It is therefore practice for the Board as a whole to approve Director's remuneration, at its discretion, within an aggregate limit of £175,000 per annum as stipulated in the Company's Articles of Association. Each Director abstains from voting on their own individual remuneration.

As the Company has no Chief Executive Officer and no employees, and the Board is comprised solely of Non-Executive Directors, we have not therefore reported on those aspects of remuneration that relate to executive Directors. There is also no consultation of employees required, and there is no employee comparative data to provide, in relation to the setting of the Policy.

Since the year end, the Board carried out a review of the level of fees in accordance with the current Remuneration Policy. Directors' fees were last increased in January 2020. Following the Board's annual review of Directors' fees against those of the Company's peer group and the average for similar-sized investment trusts, the Board has agreed that the Chairman's fee will increase to £38,000 per annum, the Audit Committee Chairman's fee to £31,500, the Senior Independent Director's fee to £29,000 and the fee for other Directors to £28,000 to align to current market levels. These changes are with effect from 1 October 2021.

No advice or services were provided by any external agencies or third parties.

The Remuneration Policy is being put to shareholders for approval at the forthcoming AGM, as changes are being proposed to it. It is being proposed that the aggregate ceiling of Directors' remuneration be increased from £175,000 per annum to £250,000 per annum. No further material changes to the Policy are being proposed. However, the Policy has been updated to provide further clarity on Board remuneration.

¹ Subject to Shareholders adopting the new Articles of Association at the forthcoming AGM.

Directors' Remuneration Report

(continued)

Implementation of the Policy (continued)

There will be no significant change in the way the Policy will be implemented in the course of the next financial year.

Any views expressed by Shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing the Director's Remuneration Policy and in the annual review of Directors' fees.

Directors' Emoluments for the Year (audited)

The Directors who served during the year received the following emoluments:

	Year ended 30 September 2021			Year ended 30 September 2020			% Change
	Fees	Expenses	Total	Fees	Expenses	Total	
Frances Daley	36,000	—	36,000	35,250	—	35,250	+2.13
Vivien Gould	27,000	647	27,647	26,500	—	26,500	+1.89
Christopher Granville	27,000	—	27,000	26,500	—	26,500	+1.89
Calum Thomson	30,000	—	30,000	29,375	—	29,375	+2.13
Nadya Wells	28,000	597	28,597	27,250	392	27,642	+2.75
Total	148,000	1,244	149,244	144,875	392	145,267	

The Directors are entitled to claim travel expenses to meetings. No additional fees are payable for membership of the Board's Committees, although Calum Thomson receives an additional fee of £3,000 for his responsibility as Audit Chairman. Nadya Wells receives an additional fee of £1,000 for her responsibility as Senior Independent Director.

Fees for any new Director appointed will be made in accordance with the Remuneration Policy. Fees payable in respect of subsequent years will be determined following an annual review.

Five Year Change Comparison

Over the last five years, Directors' pay has increased as set out below:

	Year ended 30 September 2021	Year ended 30 September 2016	% Change
	£	£	
Chairman	36,000	33,000	+9.09
Audit Committee Chairman	30,000	27,500	+9.09
Non-Executive Director	27,000	25,000	+8.00

Directors' Beneficial Shareholdings (Audited)

There is no requirement under the Company's Articles or the terms of appointment for Directors to hold shares in the Company.

The beneficial interests of the Directors and any persons closely associated in the shares of the Company are set out in the below table:

Director	At 30 September 2021	
	Number of Ordinary Shares	% Interest in Share Capital
Frances Daley	6,000	0.039
Vivien Gould	2,250	0.014
Christopher Granville	—	—
Calum Thomson	7,072	0.046
Nadya Wells	—	—

There have been no changes to the number of Ordinary Shares held by the Directors since the year-end and the date of this Report. There is no requirement under the Company's Articles or the terms of appointment for Directors to hold Ordinary Shares in the Company.

Directors' Remuneration Report

(continued)

Relative Importance of Spend on Pay (Audited)

The following table compares the remuneration paid to the Directors with aggregate distributions to Shareholders in the year to 30 September 2021 and the prior year. This disclosure is a statutory requirement.

	Year ended 30 September 2021	Year ended 30 September 2020	
	£'000	£'000	% Change
Aggregate Shareholders distributions in respect of the year	3,057	4,345	-29.6
Aggregate share buybacks	1,715	1,101	+55.8

Statement of Voting at the Annual General Meeting

The Directors' Remuneration Policy was approved at the AGM of the Company held on 23 January 2020 and the Directors' Remuneration Report for the year ended 30 September 2020 was approved by Shareholders at the AGM held on 21 January 2021.

This resolution for the approval of the Remuneration Report was passed on a poll. The results of which are as follows:

REMUNERATION REPORT	Number of Votes	% of Votes Cast
For	5,583,406	99.87
Against	7,312	0.13
At Chairman's discretion	—	—
Total votes cast	5,590,718	—
Withheld	1,882	—

This resolution for the approval of the remuneration policy was passed on a show of hands. The votes cast were as follows:

REMUNERATION POLICY	Number of Votes	% of Votes Cast
For	5,423,033	99.91
Against	5,058	0.09
At Chairman's discretion	—	—
Total votes cast	5,428,091	—
Withheld	7,327	—

Directors' Service Contracts

No Director has a service contract with the Company. Each Director has entered into terms of appointment as a Non-Executive Director of the Company. There are no agreements between the Company and its Directors concerning compensation for loss of office. The terms of their appointment provide that Directors shall retire and be subject to election at the first AGM after their appointment. Thereafter, they will be subject to annual re-election. Compensation will not be made for loss of office.

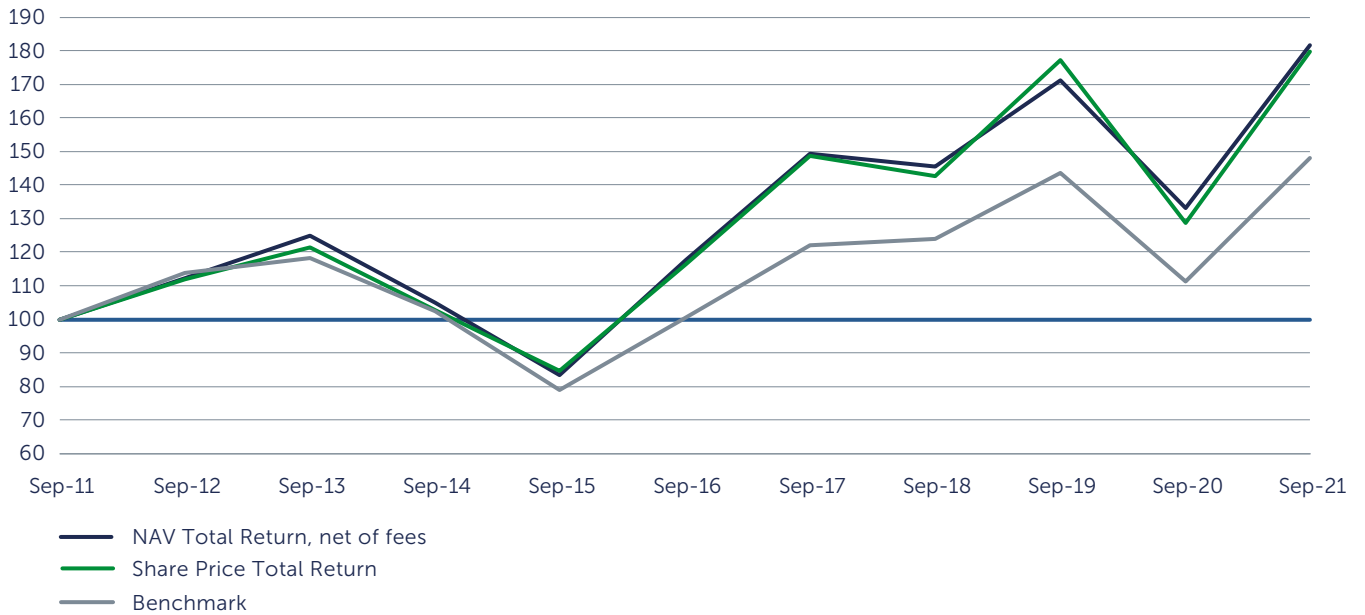
Directors' Remuneration Report

(continued)

Share Price Performance (not audited)

The following graph compares the share price and NAV performance against the Benchmark:

Ten Year Performance Versus Benchmark (not audited)



Approval

The Directors Remuneration Report was approved by the Board of Directors on 3 December 2021.

For and on behalf of the Board

Frances Daley

Chairman

3 December 2021

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with applicable UK Accounting Standards subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- prepare a Director's report, a strategic report and Director's remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Website publication

The Financial Statements are published on the Company's website: www.bemopl.com, which is maintained by the Investment Manager. The maintenance and integrity of the website maintained by the Investment Manager is, so far as it relates to the Company, the responsibility of the Investment Manager. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- the financial statements have been prepared in accordance with applicable UK Accounting Standards and give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

For and on behalf of the Board

Frances Daley

Chairman

3 December 2021

Independent Auditor's Report

to the members of Barings Emerging EMEA Opportunities PLC

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Barings Emerging EMEA Opportunities Plc (the 'Company') for the year ended 30 September 2021 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *"The Financial Reporting Standard applicable in the UK and Republic of Ireland"* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were re-appointed by the Board of Directors at the AGM on 21 January 2021 to audit the financial statements for the year ended 30 September 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is three years, covering the years ended 30 September 2019 to 30 September 2021. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

Obtaining the Directors' assessment of the going concern status of the Company and performing the following:

- Evaluating the Director's method of assessing going concern in light of market volatility and the present uncertainties.
- Challenging the key assumptions and judgements made such as the growth rate with reference to current year actuals and post year end results.
- Challenging the assumptions and judgements made with regards to stress-testing forecasts
- Calculating financial ratios to ascertain the financial health of the Company

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report

(continued)

Overview

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS	Valuation and ownership of investments	2021	2020
		☑	☑
MATERIALITY	£1,110,000 (2020: £850,000) based on 1% (2020: 1%) of net assets		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	How the scope of our audit addressed the key audit matter	
<p>Valuation and ownership of investments (Note 1 and Note 9)</p> <p>The investment portfolio at the year-end comprised of listed equity investments held at fair value through profit or loss.</p> <p>We consider the valuation and ownership of investments to be the most significant audit areas as investments represent the most significant balance in the Financial Statements and underpin the principal activity of the entity.</p>	<p>We have responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments. We performed the following procedures:</p> <ul style="list-style-type: none"> Confirmed the year end bid price used by agreeing to externally quoted prices and for a sample of investments, assessed if there were contra indicators, such as liquidity considerations, to suggest that bid price is not the most appropriate indication of fair value. Obtained direct confirmation from the custodian regarding the existence all of investments held at the balance sheet date. <p>We also considered the completeness, accuracy and clarity of investment-related disclosures against the requirements of relevant accounting standard.</p>	

Independent Auditor's Report

(continued)

KEY AUDIT MATTER (continued)		How the scope of our audit addressed the key audit matter
Valuation and ownership of investments (Note 1 and Note 9) (continued)	<p>We also consider the valuation of investments with respect to realised and unrealised gains/losses to be a significant area as the reported performance of the portfolio is a key performance indicator of the entity and is therefore expected to be a key area of interest for the users of the financial statements.</p> <p>Furthermore, we consider the valuation disclosures to be a significant area as they are expected to be a key area of interest for the users of the financial statements.</p>	<p>For unrealised gains/losses, we tested the valuation of the portfolio at the year-end as above, together with testing the reconciliation of opening and closing investments by agreeing a sample of additions and disposals to supporting documentation.</p> <p>For realised gains/ losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and the custodian's transaction report and re-performed the calculation of a sample of realised gains/losses.</p> <p>Key observations: Based on our procedures performed we did not identify any material exceptions with regards to valuation or ownership of investments.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	COMPANY FINANCIAL STATEMENTS	
	2021 £k	2021 £k
Materiality	1,110	850
Basis for determining materiality	1% of Net Assets	1% of Net Assets
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	
Performance materiality	830	640
Basis for determining performance materiality	75% of materiality based on our risk assessment and consideration of the control environment.	

Independent Auditor's Report

(continued)

Testing of items impacting revenue return

We also determined that for items impacting revenue return, a misstatement of less than materiality for the financial statements as a whole, could influence the economic decisions of users. As a result, we determined a lower threshold for these items to be £345,000 (2020: £250,000) based on 10% (2020: 10%) of revenue return before tax.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £17,000 (2020: £20,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

<p>Going concern and longer-term viability</p>	<ul style="list-style-type: none"> • The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 52; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 29 and 30.
<p>Other Code provisions</p>	<ul style="list-style-type: none"> • Directors' statement on fair, balanced and understandable set out on page 56; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 9; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 53 and 54; and • The section describing the work of the audit committee set out on pages 53 and 54.

Independent Auditor's Report

(continued)

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<p>Strategic report and Directors' report</p>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
<p>Directors' remuneration</p>	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
<p>Matters on which we are required to report by exception</p>	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below on the following page:

Strategic Report	2-30
Governance	31-67
Financial Statements	68-84
Other Information	85-92

Independent Auditor's Report

(continued)

We gained an understanding of the legal and regulatory framework applicable to the Company and industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the UK Listing Rules, the DTR rules, the principles of the UK Corporate Governance Code, FRS 102, VAT and other taxes. We also considered the company's qualification as an Investment Trust under UK tax legislation.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be management override of controls and valuation of investments.

Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- enquiries of management and those charged with governance;
- reviewed correspondence with the relevant authorities;
- testing the appropriateness of journal entries in the general ledger and adjustments made in the preparation of the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that are outside the normal course of the business for the Company and those that appear to be unusual;
- review of minutes of board meetings throughout the period; and
- the procedures set out in the Key Audit Matters section above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK

3 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

for the year ended 30 September 2021

	Notes	Year ended 30 September 2021			Year ended 30 September 2020		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	9	—	28,381	28,381	—	(26,316)	(26,316)
Foreign exchange losses		—	(245)	(245)	—	(382)	(382)
Income	2	4,488	—	4,488	3,506	116	3,622
Investment management fee	3	(149)	(598)	(747)	(156)	(623)	(779)
Other expenses	4	(888)	(62)	(950)	(770)	—	(770)
Return on ordinary activities		3,451	27,476	30,927	2,580	(27,205)	(24,625)
Finance costs	5	—	—	—	(33)	(134)	(167)
Return on ordinary activities before taxation		3,451	27,476	30,927	2,547	(27,339)	(24,792)
Taxation	6	(539)	—	(539)	(266)	—	(266)
Return for the year		2,912	27,476	30,388	2,281	(27,339)	(25,058)
Return per ordinary share	8	23.86p	225.16p	249.02p	18.40p	(220.52p)	(202.12p)

The total column of this statement is the income statement of the Company.

The supplementary revenue and capital columns are both prepared under the guidance published by the AIC.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

There is no other comprehensive income and therefore the return for the year is also the total comprehensive income for the year.

The notes on pages 71 to 84 form part of these financial statements.

Statement of Financial Position

as at 30 September 2021

		At 30 September 2021 £'000	At 30 September 2020 £'000
	Notes		
Fixed assets			
Investments at fair value through profit or loss	9	109,233	83,572
Current assets			
Debtors	10	667	272
Cash and cash equivalents		1,664	1,825
		2,331	2,097
Current liabilities			
Creditors: amounts falling due within one year	11	(666)	(387)
Net current assets		1,665	1,710
Net assets		110,898	85,282
Capital and reserves			
Called-up share capital	12	1,536	1,559
Capital redemption reserve		3,252	3,229
Share premium		1,411	1,411
Capital reserve		102,479	76,718
Revenue reserve		2,220	2,365
Total equity		110,898	85,282
Net asset value per share	13	920.71p	694.70p

The Financial Statements on pages 68 to 70 were approved and authorised for issue by the Board of Barings Emerging EMEA Opportunities PLC on 3 December 2021 and were signed on its behalf by:

Frances Daley

Chairman

Company registration number: 04560726

The notes on pages 71 to 84 form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 September 2021

	Called-up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 30 September 2021						
Opening balance as at 1 October 2020	1,559	3,229	1,411	76,718	2,365	85,282
Return for the year	—	—	—	27,476	2,912	30,388
Contributions by and distributions to Shareholders:						
Repurchase of Ordinary Shares	(23)	23	—	(1,715)	—	(1,715)
Dividends paid	—	—	—	—	(3,057)	(3,057)
Total contributions by and distributions to Shareholders:	(23)	23	—	(1,715)	(3,057)	(4,772)
Balance at 30 September 2021	1,536	3,252	1,411	102,479	2,220	110,898

	Called-up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 30 September 2020						
Opening balance as at 1 October 2019	1,576	3,212	1,411	105,158	4,429	115,786
Return for the year	—	—	—	(27,339)	2,281	(25,058)
Contributions by and distributions to Shareholders:						
Repurchase of Ordinary Shares	(17)	17	—	(1,101)	—	(1,101)
Dividends paid	—	—	—	—	(4,345)	(4,345)
Total contributions by and distributions to Shareholders:	(17)	17	—	(1,101)	(4,345)	(5,446)
Balance at 30 September 2020	1,559	3,229	1,411	76,718	2,365	85,282

At 30 September 2021, the distributable reserves of the Company were £86,658,000 which comprise of the revenue reserve £2,220,000 and realised capital reserves of £84,438,000. (2020: distributable reserves of £79,083,000 comprising of revenue reserve of £2,365,000 and realised capital reserves of £79,286,000, less capital reserve attributable to unrealised losses of £2,568,000).

All investments are held at fair value through profit or loss. When the Company revalues the investments still held during the period, any gains or losses arising are credited/charged to the capital reserve.

The notes on pages 71 to 84 form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 September 2021

1. Accounting policies

Barings Emerging EMEA Opportunities PLC (the "Company") is a company incorporated and registered in England and Wales. The principal activity of the Company is that of an investment trust company within the meaning of Sections 1158/159 of the Corporation Tax Act 2020 and its investment approach is detailed in the Strategic Report.

Basis of preparation

The financial statements are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies, October 2019.

The Company meets the requirements of section 7.1A of FRS 102 and therefore has elected not to present the Statement of Cash Flows for the year ended 30 September 2021.

The policies applied in these financial statements are consistent with those applied in the preceding year.

Going concern

The financial statements have been prepared on a going concern basis and on the basis that approval as an investment trust company will continue to be met.

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date when these financial statements were approved.

In making the assessment, the Directors have considered the likely impacts of the current COVID-19 pandemic on the Company's, operations and its investment portfolio.

The Directors noted that the Company's current cash balance exceeds any short term liabilities, the Company holds a portfolio of liquid listed investments. The Directors are of the view that the Company is able to meet its obligations and when they fall due. The surplus cash enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed-end fund, where assets are not required to be liquidated to meet day-to-day redemptions.

The Board has reviewed stress testing and scenario analysis prepared by the Investment Manager to assist them in assessing the impact of changes in market value and income with associated cash flows. In making this assessment, the Investment Manager have considered plausible downside scenarios. These tests included the possible further effects of the continuation of the COVID-19 pandemic but, as an arithmetic exercise, apply equally to any other set of circumstances in which asset value and income are significantly impaired. It was concluded that in a plausible downside scenario, the Company could continue to meet its liabilities.

Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience further reductions in income and/or market value, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

The Investment Manager and the Company's third-party service providers have contingency plans to minimise disruption. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis.

Segmental reporting

The Directors are of the opinion that the Company is re-engaged in a single segment of business, being the investment business.

Notes to the Financial Statements

(continued)

1. Accounting policies (continued)

Significant accounting judgements and estimates

The preparation of the Company's financial statements on occasion requires the Board to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on the circumstance.

The areas requiring significant judgement and estimation in the preparation of the financial statements are: recognising and classifying unusual or special dividends received as either revenue or capital in nature; recognition of expenses between capital and income; capital expenses and setting of the level of dividends paid and proposed. The policies for these are set out in the notes to the Financial Statements.

The Directors do not believe that any significant accounting judgements or estimates have been applied to this set of financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Investments

Upon initial recognition the investments held by the Company are classified 'at fair value through profit or loss'. All gains and losses are allocated to the capital return within the Income Statement as 'Gains on investments held at fair value through profit or loss'. Also included within this are transaction costs in relation to the purchase or sale of investments. When a purchase or sale is made under a contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date. Subsequent to initial recognition, investments are valued at fair value through profit or loss. For listed investments this is deemed to be bid market prices. Fair values for unquoted investments, or for investments for which the market is inactive, are established by the Directors after discussion with the AIFM using various valuation techniques in accordance with the International Private Equity and Venture Capital (the "IPEV") guidelines.

Foreign Currency

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company operates. The Board, having regard to the Company's share capital and the predominant currency in which its Shareholders operate, has determined that Pounds Sterling is the functional currency. Pounds Sterling is also the currency in which the financial statements are presented.

Transactions denominated in currencies other than Pounds Sterling are recorded at the rates of exchange prevailing on the date of the transaction. Items that are denominated in foreign currencies are translated at the rates prevailing on the Balance Sheet date. Any gains or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or the revenue account depending on whether the gain or loss is capital or revenue in nature.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits.

Trade Receivables, Prepayments and Other debtors

Trade receivables, prepayments and other debtors are recognised at amortised cost or estimated fair value.

Trade Payables and Borrowings

Trade payables and short-term borrowings are measured at amortised cost.

Bank borrowings

The interest bearing bank loan is recognised at amortised cost and revalued for exchange rate movements.

Income

Dividends receivable from equity shares are included in revenue return on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital return.

Notes to the Financial Statements

(continued)

1. Accounting policies (continued)

Income (continued)

Overseas dividends are included gross of any withholding tax.

Special dividends are taken to the revenue or capital account depending on their nature. In deciding whether a dividend should be regarded as a capital or revenue receipt, the Board reviews all relevant information as to the sources of the dividend on a case-by-case basis.

Expenses and finance costs

All expenses are accounted for on an accruals basis. On the basis of the Board's expected long-term split of total returns in the form of capital and revenue and are charged as follows:

- the investment management fee is charged 20% to revenue and 80% to capital;
- any investment performance bonus payable to the AIFM are charged wholly to capital;
- finance costs are charged 20% to revenue and 80% to capital; and
- other expenses are charged wholly to revenue.

Taxation

Current tax is provided at the amounts expected to be paid or recovered.

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is more likely than not that taxable profits will be available against which those timing differences can be utilised.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

Dividends payable to Shareholders

Dividends are not recognised in the accounts unless there is an obligation to pay or have been paid.

Capital redemption reserve

The capital redemption reserve represents non-distributable reserves that arise from the purchase and cancellation of Ordinary Shares.

Share premium

The share premium account represents the accumulated premium paid for shares issued in previous periods above their nominal value less issue expenses. This is a reserve forming part of the non-distributable reserves. The following items are taken to this reserve:

- costs associated with the issue of equity; and
- premium on the issue of shares.

Capital reserve

The following are taken to capital reserve through the capital column of the Income Statement:

Capital reserve — distributable reserves

- gains and losses on the disposal of investments;
- amortisation of issue of interest bearing bank loans;
- exchange differences of a capital nature;
- expenses, together with the related taxation effect, allocated to this reserve in accordance with the above policies; and
- distribution of dividends.

Notes to the Financial Statements

(continued)

1. Accounting policies (continued)

Capital reserve – non-distributable reserves

- increase and decrease in the valuation of investments held at the year end.

Revenue reserve

The revenue reserve represents the surplus of accumulated profits and is distributable by way of dividends.

2. Income

	2021 £'000	2020 £'000
Income from investments:		
Listed investments	4,493	3,583
Other income:		
Bank interest	—	1
Exchange losses on receipt of income	(5)	(78)
Total income	4,488	3,506

All income stated above is revenue in nature.

3. Investment management fee

Baring Fund Managers Limited has been appointed as the AIFM under an agreement with six months notice by either party. The annual fee of 0.75% (0.80% prior to 13 November 2020) is calculated, in accordance with the Investment Management Agreement, on the month end NAV excluding current period revenue and payable monthly. The charge is allocated 20% (2020: 20%) to revenue and 80% (2020: 80%) to capital. There is no performance fee chargeable by the AIFM.

The investment management fee comprises:

	Year ended 30 September 2021			Year ended 30 September 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	149	598	747	156	623	779

At 30 September 2021, £136,000 (30 September 2020: £116,000) of this fee remained outstanding and are included within other creditors in note 11.

4. Other expenses

	2021 £'000	2020 £'000
Custody and administration expenses	710	596
Auditor's fee for:		
– audit	30	29
Directors' remuneration	148	145
Total expenses	888	770

Notes to the Financial Statements

(continued)

5. Finance costs

	Year ended 30 September 2021			Year ended 30 September 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Borrowings under bank loan facility*	—	—	—	33	134	167

* The Company has no loan facility. In the prior year the loan facility was repaid on the 7 April 2020.

6. Taxation

Current tax charge for the year:

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas tax not recoverable	542	—	542	487	—	487
Overseas tax recovered and deemed recoverable - previously expensed	(3)	—	(3)	(221)	—	(221)
	539	—	539	266	—	266

Factors affecting the current tax charge for the year

The taxation rate assessed for the year is different from the standard rate of corporation taxation in the UK. The differences are explained below:

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before taxation	3,451	27,476	30,927	2,547	(27,339)	(24,792)
Return on ordinary activities multiplied by the standard rate of corporation tax of 19% (2020: 19%)	656	5,220	5,876	484	(5,194)	(4,710)
Effects of:						
Overseas withholding tax	542	—	542	487	—	487
Overseas tax recovered and deemed recoverable – previously expensed	(3)	—	(3)	(221)	—	(221)
(Gains)/losses on investments held at fair value through profit and loss not allowable	—	(5,387)	(5,387)	—	5,000	5,000
Foreign exchange gain not taxable	1	41	42	—	72	72
Overseas dividends not taxable	(854)	—	(854)	(666)	(21)	(687)
Disallowable expenses	—	—	—	—	—	—
Management expenses not utilised	197	126	323	176	118	294
Non-trade loan relationship debts not utilised	—	—	—	6	25	31
Current tax charge for the year	539	—	539	266	—	266

The Company is not liable to tax on capital gains due to its status as an investment trust.

Notes to the Financial Statements

(continued)

6. Taxation (continued)

Factors affecting the current tax charge for the year (continued)

At 30 September 2021, the Company has unrelieved management expenses that are available to offset future taxable revenue. On 3 March 2021, the UK Government announced its intention to increase the rate of corporation tax from 19% to 25% from 1 April 2023 and this was subsequently enacted on 24 May 2021. The unrecognised deferred tax asset of £3,894,000 (2020: £2,637,000) is based on the long term prospective corporation tax rate of 25.0% (2020: 19.0%). This asset has accumulated because deductible expenses have exceeded taxable income in past years. No asset has been recognised in the accounts because, all profits are non taxable in the UK due to the entity being an investment trust. It is not likely that this asset will be utilised in the foreseeable future.

7. Dividend on Ordinary Shares

	2021 Revenue £'000	2020 Revenue £'000
Amounts recognised as distributions to equity holder in the year:		
Final dividend for the year ended 30 September 2020 of 10p (2019: 20p) per Ordinary Share	1,224	2,484
Interim dividend for the year ended 30 September 2021 of 15p (2020:15p) per Ordinary Share	1,833	1,861
	3,057	4,345

Set out below are the interim and final dividends paid or proposed on Ordinary Shares in respect of the financial year, which is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered.

	2021 Revenue £'000	2020 Revenue £'000
Interim dividend for the year ended 30 September 2021 of 15p (2020:15p) per Ordinary Share	1,833	1,861
Proposed final dividend for the year ended 30 September 2021 of 11p (2020: 10p) per Ordinary Share	1,322	1,224
	3,155	3,085

The dividend proposed in respect of the year ended 30 September 2021 is subject to shareholder approval at the forthcoming Annual General Meeting.

8. Return per Ordinary Share

	Year ended 30 September 2021			Year ended 30 September 2020		
	Revenue	Capital	Total	Revenue	Capital	Total
Return per Ordinary Share	23.86p	225.16p	249.02p	18.40p	(220.52)p	(202.12)p

Revenue return (earnings) per Ordinary Share is based on the net revenue on ordinary activities after taxation of £2,912,000 (2020: £2,281,000).

Capital return per Ordinary Share is based on net capital gain for the financial year of £27,476,000 (2020: loss 27,339,000). These calculations are based on the weighted average of 12,202,696 (2020: 12,397,456) Ordinary Shares in issue during the year. At 30 September 2021, there were 12,044,780 Ordinary Shares of 10 pence each in issue (2020: 12,276,025) which excludes 3,318,207 Ordinary Shares held in treasury (2020: 3,318,207). The shares held in treasury are treated as not being in issue when calculating the weighted average of Ordinary Shares in issue during the year.

Notes to the Financial Statements

(continued)

9. Investments

Financial assets held at fair value

	30 September 2021 £'000	30 September 2020 £'000
Opening book cost	84,117	104,087
Opening investment holding (losses)/gains	(545)	18,004
Opening fair value	83,572	122,091
Movements in year:		
Purchases at cost*	99,127	38,847
Sales proceeds*	(101,847)	(51,050)
Realised gains/(losses) on equity sales	9,795	(7,767)
Increase/(decrease) in investment holding gains	18,586	(18,549)
Closing fair value	109,233	83,572
Closing book cost	91,192	84,117
Closing investment holding gains/(losses)	18,041	(545)
Closing fair value	109,233	83,572

* Includes transaction costs of £205,000 (2020: £33,000) relating to purchases at cost, £82,000 (2020: £46,000) relating to sales proceeds.

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Transaction costs		
Cost on acquisition	205	33
Cost on disposal	82	46
	287	79
Analysis of capital gains		
Gains on sales of financial assets	9,795	(7,767)
Movement in investment holding gains for the year	18,586	(18,549)
Net gains on investment	28,381	(26,316)

The Company sold investments in the year with proceeds of £101,847,000 (2020: £51,050,000). The book cost of these investments when purchased was £92,052,000 (2020: £58,817,000). These investments have been revalued over time and until they were sold any unrealised gains or losses were included in the fair value of the investments.

Notes to the Financial Statements

(continued)

9. Investments (continued)

Primary country of investment

	30 September 2021 £'000	30 September 2020 £'000
Russia	38,746	61,437
South Africa	26,413	—
Saudi Arabia	19,536	—
Poland	5,716	10,449
United Arab Emirates	4,892	—
Qatar	4,032	—
Turkey	2,807	6,858
Hungary	2,795	—
Greece	1,844	2,071
Kuwait	1,478	755
Czechia	974	1,380
Romania	—	622
Total	109,233	83,572

10. Debtors

	2021 £'000	2020 £'000
Overseas tax recoverable	204	201
Prepayments and accrued income	356	32
VAT Recoverable	107	39
	667	272

11. Creditors

	2021 £'000	2020 £'000
Amounts falling due within one year		
Amounts due to brokers	276	294
Other creditors	390	93
	666	387

Notes to the Financial Statements

(continued)

12. Called-up share capital

	30 September 2021		30 September 2020	
	Number	£'000	Number	£'000
Allotted, issued and fully paid up ordinary shares of 10p each				
Opening balance	15,594,232	1,559	15,757,504	1,576
Ordinary Shares bought back and cancelled	(231,245)	(23)	(163,272)	(17)
Total Ordinary Shares in issue	15,362,987	1,536	15,594,232	1,559
Treasury Shares	3,318,207		3,318,207	
Total Ordinary Share capital excluding Treasury Shares	12,044,780		12,276,025	

During the year, 231,245 Ordinary Shares were repurchased for cancellation for £1,715,000 (2020: 163,272 Ordinary Shares were £1,001,000). The Company holds 3,318,207 Ordinary Shares in treasury which are treated as not being in issue when calculating the number of Ordinary Shares in issue during the year (2020: 3,318,207). Ordinary Shares held in treasury are non-voting and not eligible for receipt of dividends. Subsequent to the year end, a further 27,399 shares have been repurchased for £229,000.

13. Net Asset Value per share

The NAV per Ordinary Share and the NAV attributable at the year end were as follows:

	2021	2020
Total Shareholders' funds (£'000)	110,898	85,282
Number of shares in issue*	12,044,780	12,276,025
NAV (pence per share) (basic and dilutive)	920.71	694.70

* Excludes 3,318,207 Ordinary Shares held in treasury (2020: 3,318,207).

The NAV per share is based on total Shareholders' funds above, and on 12,044,780 Ordinary Shares in issue at the year end (2020: 12,276,025 Ordinary Shares in issue) which excludes 3,318,207 Ordinary Shares held in treasury (2020: 3,318,207 Ordinary Shares held in treasury). The Ordinary Shares held in treasury are treated as not being in issue when calculating the NAV per share.

Notes to the Financial Statements

(continued)

14. Financial Instruments and Capital Disclosures

Investment Objective and Policy

As an investment trust, the Company invests in equities and other investments for the long-term so as to secure its investment objective stated on page 1. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends. With effect from 13 November 2020, the Company changed its investment objective and policy. The Objective and Investment Policy are set out on pages 7 and 8.

Risks

The risks identified arising from the financial instruments are market risk (which comprises market price risk, interest rate risk, and currency risk), liquidity risk and credit and counterparty risk. The Board and AIFM consider and review the risks inherent in managing the Company's assets which are detailed below.

The objectives, policies and processes for managing the risks, and the methods used to measure the risks, are set out below and have not changed from the previous accounting period.

The AIFM monitors the Company's exposure to risk and reports to the Board on a regular basis.

Market Risk

Special considerations and risk factors associated with the Company's investments are discussed on pages 9 to 11. Market risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss which the Company might suffer through holding market positions by way of price movements, interest rate movements and exchange rate movements. The Company's AIFM assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

Market Price Risk

Market price risk (i.e. changes in market prices other than those arising from currency risk or interest rate risk) may affect the value of investments.

The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with the objective of maximising overall returns to Shareholders. The Company has experienced volatility in the fair value of investments during recent years due to COVID-19 and Brexit. If the fair value of the Company's investments at the year end increased or decreased by 20% then it would have an impact on the Company's capital return and equity of £21,847,000 (2020: £16,714,000).

The Company has used 20% to demonstrate the impact of a significant reduction/increase in the fair value of the investments and the impact upon the Company that might arise from future significant events.

Notes to the Financial Statements

(continued)

14. Financial Instruments and Capital Disclosures (continued)

Currency Risk

The value of the Company's assets and the total return earned by the Company's Shareholders can be significantly affected by currency exchange rate movements as most of the Company's assets are denominated in currencies other than Pounds Sterling, the currency in which the Company's financial statements are prepared.

Income denominated in other currencies is converted to Pounds Sterling upon receipt. The Company does not use financial instruments to mitigate the currency exposure. The Company's uninvested cash balances are usually held in US Dollars.

A 10% rise or decline of Pounds Sterling against currency denominated (i.e. non Pounds Sterling) assets and liabilities held at the year end would have increased/decreased the net asset value by £11,110,000 (2020: £8,551,000).

The currency exposure is exposure of the currency values of the investee companies.

	Russia	South Africa	Saudi Arabia	Poland	UAE	Qatar	Turkey	Hungary	Greece	Kuwait	Czechia	United States	Netherlands	UK	Total
	RUB	ZAR	SAR	PLN	AED	QAR	TRY	HUF	EUR	KWD	CZK	USD	EUR	GBP	
2021	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash	1	—	—	—	—	—	—	—	—	—	—	1,585	—	78	1,664
Debtor	194	156	39	127	—	—	—	—	—	—	—	—	40	111	667
Creditor	—	—	(276)	—	—	—	—	—	—	—	—	—	—	(390)	(666)
Investments	38,746	26,413	19,536	5,716	4,892	4,032	2,807	2,795	1,844	1,478	974	—	—	—	109,233
Total	38,941	26,569	19,299	5,843	4,892	4,032	2,807	2,795	1,844	1,478	974	1,585	40	(201)	110,898

	Russia	Poland	Turkey	Greece	Czechia	Kuwait	Romania	United States	Netherlands	UK	Total
	RUB	PLN	TRY	EUR	CZK	KWD	RON	USD	EUR	GBP	
2020	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash	1	—	—	—	—	—	—	1,744	—	80	1,825
Debtor	191	—	—	—	—	—	—	—	28	54	272
Creditor	—	—	—	—	—	—	—	—	—	(387)	(387)
Investments	61,437	10,449	6,858	2,071	1,380	755	622	—	—	—	83,572
Total	61,628	10,449	6,858	2,071	1,380	755	622	1,744	28	(253)	85,282

Notes to the Financial Statements

(continued)

14. Financial Instruments and Capital Disclosures (continued)

Interest Rate Risk

Interest rate movements may affect:

- the level of income receivable /payable on cash deposits

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

At 30 September 2021, the Company's exposure to interest rate movements in respect of its financial assets and financial liabilities consist of:

	2021	2020
	Total	Total
	(within one year)	(within one year)
	£'000	£'000
Exposure to floating interest rates:		
Cash at bank	1,664	1,825
	1,664	1,825

If the above level of cash was maintained for a year, a 1% increase in interest rates would increase the revenue return and net assets by £17,000 (2020: £18,000). The AIFM proactively manages cash balances. If there were a fall of 1% in interest rates, it would potentially impact the Company by turning positive interest to negative interest. The total effect would be a revenue reduction/cost increase of £17,000 (2020: £18,000). The bank loan facility was repaid on 7 April 2020.

Liquidity risk

The Company's assets mainly comprise readily realisable securities which can be easily sold to meet funding commitments, if necessary. The risk is taken into account by the Board when arriving at its valuation of these items.

Liquidity risk is mitigated by the fact that the Company has £1,664,000 (2020: £1,825,000) cash at bank and the assets are readily realisable. The Company is a closed-end fund, assets do not need to be liquidated to meet redemptions, and sufficient liquidity is maintained to meet obligations as they fall due.

The remaining contractual payments on the Company's financial liabilities at 30 September 2021, based on the earliest date on which payment can be required and current exchange rates at the Balance Sheet date, were as follows:

	2021	2020
	Total	Total
	(due within one year)	(due within one year)
	£'000	£'000
Other creditors and accruals	666	387
	666	387

Notes to the Financial Statements

(continued)

14. Financial Instruments and Capital Disclosures (continued)

Credit Risk

Credit risk is the risk of financial loss to the Company if the contractual party to a financial instrument fails to meet its contractual obligations.

The total credit exposure represents the carrying value of cash and receivable balances totals £111,564,000 (2020: £85,669,000).

The Company's listed investments are held on its behalf by State Street Bank & Trust Company Limited acting as the Company's Custodian. Bankruptcy or insolvency may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the Custodians internal control reports.

Credit risk is mitigated by diversifying the counterparties through which the AIFM conducts investment transactions. The credit standing of all counterparties is reviewed periodically, with limits set on amounts due from any one counterparty. As at the year end, the cash balances were held with State Street Bank & Trust Company Limited, which holds a Aa1 credit rating. The credit rating is taken from Moody's.

Fair Values of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments), or the balance sheet amount if it is a reasonable approximation of fair value (amounts due from brokers, dividends receivable, accrued income, amounts due to brokers, accruals and cash balances).

Valuation of Financial Instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

Level 1 – valued using quoted prices unadjusted in active markets for identical assets or liabilities.

Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

The tables below set out fair value measurements of financial assets and liabilities in accordance with the fair value hierarchy.

Financial assets at fair value through profit or loss at 30 September 2021:

	Level 1 £'000	Level 2 £'000	Total 2021 £'000
Equity investments	109,233	—	109,233
	109,233	—	109,233

Financial assets at fair value through profit or loss at 30 September 2020:

	Level 1 £'000	Level 2 £'000	Total 2020 £'000
Equity investments	83,543	29	83,572
	83,543	29	83,572

Notes to the Financial Statements

(continued)

15. Risk management policies and procedures

Capital Management Policies and Procedures

The structure of the Company's capital is described on page 34 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 70.

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern;
- to achieve capital growth through a focused portfolio of investments; and
- to maximise the return to Shareholders while maintaining a capital base to allow the Company to operate effectively and meet obligations as they fall due.

The Board, with the assistance of the AIFM, regularly monitors and reviews the broad structure of the Company's capital on an ongoing basis. These reviews include:

- the level of gearing, which takes account of the Company's position and the Investment Manager's views on the market; and
- the extent to which revenue in excess of that which is required to be distributed, should be retained. The Company's objectives, policies and processes for managing capital are unchanged from last year. The Company is subject to externally imposed capital requirements:
- as a public company, the Company is required to have a minimum share capital of £50,000; and
- in accordance with the provisions of Sections 832 and 833 of the Companies Act 2006, the Company, as an investment company;
- is only able to make a dividend distribution to the extent that the assets of the Company are equal to at least one and a half times its liabilities after the dividend payment has been made; and
- is required to make a dividend distribution each year and to ensure after year that it does not retain more than 15% of the income that it derives from shares and securities.

These policies and procedures are unchanged since last year and the Company has complied with them at all times.

16. Related Party Disclosures and Transactions with the AIFM

Details of the investment management fee charged by the AIFM are set out in note 3. Investment management fees charged in the year were £747,000 (2020: £779,000) of which £136,000 (2020: £116,000) was outstanding at the year end.

The ultimate holding company of the AIFM is Massachusetts Mutual Life Insurance Company, 1295 State Street, Springfield, MA 01111-0001. Fees paid to the Directors and full details of Directors' interests are disclosed in the Directors' Remuneration Report on pages 57 to 59.

Nadya Wells is a member of the Supervisory Board, Chairman of the Audit Committee, Member of the Strategic Planning Committee and a member of the Risk Management Committee of Sberbank of Russia ("Sberbank"), in which the Company was invested during the year. At 30 September 2021, the Company held 2,050,748 shares in Sberbank at a market value of £7,120,000, representing 6.42% of the Company's net assets.

During the year, the Company purchased 845,178 shares in Sberbank for £2,160,000 and sold 2,504,940 shares for £6,894,000. These transactions were completed through the open market.

Fees paid to the Company's Directors are disclosed in the Director's Remuneration Report. At the year end, there were no outstanding fees payable to the Directors (2020: Nil).

17. Post Balance Sheet Events

Since the year end, the Company has bought back for cancellation 27,399 Ordinary Shares with a nominal value of £2,739 at a total cost of £229,000.

AIFMD Disclosures

unaudited

The Alternative Investment Fund Manager

Baring Fund Managers Limited (the "AIFM"), authorised by the Financial Conduct Authority as an Alternative Investment Fund Manager, under the Alternative Investment Fund Managers Directive ("AIFMD"), is the appointed AIFM to the Company.

AIFMD Disclosures

Pre-investment Disclosures

The AIFM and the Company are required to make certain disclosures available to investors in accordance with the AIFD. Those disclosures that are required to be made pre-investment can be found on the Company's website www.barings.com under the prospectus and literature heading, the document is titled "Pre-investment disclosures", dated November 2020.

Leverage Disclosure

For the purposes of this disclosure, leverage is any method by which the Company's exposure is increased, whether through borrowing cash or securities, or leverage embedded in contracts for difference or by any other means. The AIFMD requires that each leverage ratio be expressed as the ratio between a Company's exposure and its NAV, and prescribes two required methodologies, the Gross Methodology and the Commitment Methodology (as set out in AIFMD Level 2 Implementation Guidance), for calculating such exposure.

Using the methodologies prescribed under the AIFMD, the leverage ratios of the Company calculated on a Gross Basis was 99% and on a Commitment Basis was 100% as at 30 September 2021.

Remuneration Policy

The Manager's Remuneration Policy ensures the remuneration arrangements as defined in ESMA's "Guidelines on Sound Remuneration Policy under the UCITS directive and AIFMD" (ESMA 2016/411) (the 'ESMA Guidelines'), (as amended) are:

- (i) consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the Manager or the Fund; and
- (ii) consistent with the Manager's business strategy, objectives, values and interests and includes measures to avoid conflicts of interest.

The Manager is also subject to the FCA's UCITS and AIFM Remuneration Codes (SYSC 19B and 19E) and complies with the remuneration principles in a way and to the extent appropriate to its size and business.

Remuneration Committee

Due to the size and nature of the Manager, the Board of Directors considers it appropriate to dis-apply the requirement to appoint a remuneration committee.

The Manager forms part of the Barings Europe Limited (UK) group of companies ("Barings"). Barings has a remuneration committee to take remuneration decisions, namely the HR Remunerations Committee. The remuneration committee ensure the fair and proportionate application of the remuneration rules and ensures that potential conflicts arising from remuneration are managed and mitigated appropriately.

Remuneration Code Staff

The Manager has determined its Remuneration Code Staff as the following:

1. Senior Management

Senior Management comprises the Board of Directors, all SMFs and all members of the European Management Team ("EMT").

All control functions detailed in section 2 below are also senior managers.

2. Control Functions

The Manager's control functions include the Heads of Risk, Compliance, Legal, Operations, Internal Audit, HR and Finance along with other heads of department in the Executive Committee and the Money Laundering Reporting Officer.

AIFMD Disclosures

(continued)

3. Risk Takers

Risk Takers are defined as the investment managers of the Company. Investment managers do not work for the Manager directly as the Manager delegates portfolio management to Baring Asset Management Limited ("BAML"). Accordingly, the Manager currently has no risk takers outside of senior management.

BAML is as a BIPRU firm and subject to the Capital Requirements Directive ("CRD") which has equivalent remuneration rules.

4. Employees in the same remuneration bracket as risk takers

The Manager will not treat a person as Remuneration Code Staff if a person's professional activities do not have a material impact on the risk profiles of the firm or the Fund. Accordingly, the Manager currently has no staff in this category.

5. Staff responsible for heading the investment management, administration, marketing and human resources

To the extent that the Manager's staff fall within this category, they are also control function staff falling within (2) above.

Remuneration Disclosure

The disclosure below details fixed and variable remuneration paid to BFM staff and BFM Remuneration Code Staff (for the financial year end 30 September 2021).

	Number of beneficiaries	Total Remuneration	Total Fixed Remuneration	Total Variable remuneration
Total remuneration paid by BFM in relation to the Fund*	18	£28,481	£6,601	£21,880
Total Senior Management Remuneration paid by BFM**	18	£590,685	£136,904	£453,781
Risk Takers remuneration	0	£0	£0	£0
Employees in the same remuneration bracket as risk takers	0	£0	£0	£0
Carried interest paid by the Company	X	X	X	X

The Manager's Remuneration Policy is reviewed annually both in respect of the general principles it contains and its own implementation. No material changes have been made throughout the year or as a result of the review; no irregularities were identified.

The above disclosures are made in line with Barings' interpretation of currently available regulatory guidance on quantitative remuneration disclosures. As market or regulatory practice develops, Barings may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated. Where such changes are made, this may result in disclosures in relation to a fund not being comparable to the disclosures made in the prior year, or in relation to other Barings fund disclosures in that same year.

Notes:

* The Manager does not make any direct payments to staff, who are paid by other Barings Group entities. Figures shown are apportioned on a fund AUM basis as a proportion of Barings total AUM as at 30 September 2021. Accordingly, the figures are not representative of any individual's actual remuneration.

** Senior management remuneration is apportioned on the basis of the Manager's total AUM as a proportion of Barings total AUM.

Variable remuneration consists of Short Term Incentive awards, Long Term Incentive awards and any other variable payments including benefits in kind and discretionary pension awards.

The Fund does not pay performance fees.

There has been no award of carry interest in the period.

Glossary

AIFM

The AIFM, or Alternative Investment Fund Manager, is Baring Fund Manager Limited, which manages the portfolio on behalf of the Company's Shareholders. The AIFM has delegated the investment management of the portfolio to Baring Asset Management Limited (the "Investment Manager").

Alternative performance measures ("APM")

An APM is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework. In selecting these APMs, the Directors considered the key objectives and expectations of typical investors in an investment trust such as the Company.

Benchmark

The Company's Benchmark is the MSCI Emerging Markets EMEA Index. This index is designed to measure the performance of large and midcap companies across 11 Emerging Markets (EM) countries in Europe, the Middle East and Africa (EMEA). This includes, the Czechia, Egypt, Greece, Hungary, Poland, Qatar, Russia, Saudi Arabia, South Africa, Turkey and United Arab Emirates.

The Benchmark is an index against which the performance of the Company may be compared. This is an indicative performance measure as the overall investment objectives of the Company differ to the index and the investments of the Company are not aligned to this index.

For the financial year ending 30 September 2020, the Company's Benchmark was the MSCI Emerging Europe 10/40 Index. This index measured the performance of large and midcap companies across six Emerging Markets (EM) countries; Czechia, Greece, Hungary, Poland, Russia and Turkey) in Europe.

Discount/Premium (APM)

If the share price is lower than the NAV per share, the shares are trading at a discount. The size of the discount is calculated by subtracting the share price of 793.0p (2020: 587.0p) from the NAV per share of 920.7p (2020: 694.7p) and is usually expressed as a percentage of the NAV per share, 13.9% (2020: 15.5%). If the share price is higher than the NAV per share, the situation is called a premium.

Dividend Pay-out Ratio (APM)

The ratio of the total amount of dividends paid out to Shareholders relative to the net income of the company. Calculated by dividing the Dividends Paid by Net Income.

Dividend Reinvested Basis

Applicable to the calculation of return, this calculates the return by taking any dividends generated over the relevant period and reinvesting the proceeds to purchase new shares and compound returns.

Dividend Yield (APM)

The annual dividend expressed as a percentage of the current market price.

EMEA

The definition of EMEA is a shorthand designation meaning Europe, the Middle East and Africa. The acronym is used by institutions and governments, as well as in marketing and business when referring to this region: it is a shorthand way of referencing the two continents (Africa and Europe) and the Middle Eastern sub-continent all at once.

Emerging Markets

An emerging market economy is a developing nation that is becoming more engaged with global markets as it grows. Countries classified as emerging market economies are those with some, but not all, of the characteristics of a developed market.

Environmental, Social and Governance ("ESG")

ESG (environmental, social and governance) is a term used in capital markets and used by investors to evaluate corporate behaviour and to determine the future financial performance of companies. The Company will evaluate investments in investee companies considering:

- Environmental criteria considering how the company performs as a steward of nature;
- Social criteria examine how the company manages relationships with employees, suppliers, customers, and communities; and
- Governance deals with the company's leadership, executive pay, audits, internal controls, and shareholder rights.

Frontier Markets

A frontier market is a country that is more established than the least developed countries globally but still less established than the emerging markets because its economy is too small, carries too much inherent risk, or its markets are too illiquid to be considered an emerging market.

Glossary

(continued)

Gearing (APM)

Gearing refers to the ratio of the Company's debt to its equity capital. The Company may borrow money to invest in additional investments for its portfolio. If the Company assets grow, the Shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets fall, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

The Company repaid the bank loan facility during the prior financial year eliminating gearing at the prior year end. Currently the Company has no gearing.

For the purposes of AIFMD, the Company is required to disclose the leverage. Leverage is any method which increases the Company's exposure, including the borrowing of cash and use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated under the Gross and Commitment Methods in accordance with AIFMD.

Under the Gross Method, exposure represents the aggregate of all the Company's exposures other than cash balances held in base currency and without any offsetting. Investments (A) divided by Total Shareholders' Funds (B).

Gross method = $98\% (A = \text{£}109,233,000 / B = \text{£}110,898,000) \times 100$.

The Commitment Method takes into account hedging and other netting arrangements designed to limit risk, offsetting them against the underlying exposure. Investments (A) plus current assets (C) divided by Total Shareholders' funds (B).

Commitment method = $100\% (A = \text{£}109,233,000) + (C = \text{Cash } \text{£}1,664,000 + \text{Debtor } \text{£} 667,000) / B = \text{£}85,282,000 \times 100$.

Gross Assets

Total of all the Company's investments and current assets.

Growth at a Reasonable Price ("GARP") Investing

GARP investing incorporates elements of growth and value investing, focusing on companies which have sustainable growth potential but do not demand a high valuation premium.

Idiosyncratic Risk

Idiosyncratic or "Specific risk" is a risk that is particular to a company.

Net Asset Value ("NAV")

The NAV is shareholders' funds expressed as an amount per individual Ordinary Share. Shareholders' funds are the total value of all the Company's assets, at current market value, having deducted all liabilities revalued for exchange rate movements. The total NAV per Ordinary Share is calculated by dividing the Shareholders' funds of £110,898,000 by the number of Ordinary Shares in issue excluding Treasury Shares of 12,044,780.

Ongoing Charges Ratio (APM)

The Ongoing Charges Ratio (OCR) is a measure of what it costs to cover the cost of running the fund. The Company's OCR is its annualised expenses (excluding finance costs and certain non-recurring items) of £1,628,000 being investment management fees of £747,000 and other expenses of £950,000 less non-recurring expenses of £69,000 expressed as a percentage of the average net assets of £100,733,000 during the year as disclosed to the London Stock Exchange. The OCR for 2021 is 1.62%.

Return per Ordinary Share (APM)

The return per Ordinary Share is based on the revenue/capital earned during the year divided by the weighted average number of Ordinary Shares in issue during the year. The calculations are set out in note 8.

Relative Returns

Relative return is the difference between investment return and the return of a benchmark.

Risk-adjusted Returns

Risk-adjusted return refines an investment's return by measuring how much risk is involved in producing that return.

Return on Equity (APM)

Return on equity ("ROE") is a measure of financial performance calculated by dividing net income by Shareholders' equity. Because Shareholders' equity is equal to a company's assets minus its debt, ROE could be thought of as the return on net assets. This measure is used to understand how effectively management is using a company's assets to create profits.

Share Price

The price of a single share of a company. The share price is the highest amount someone is willing to pay for the stock, or the lowest amount that it can be bought for.

Glossary

(continued)

Systematic Risk

Systematic risk or "Market risk" is the risk inherent to the entire market or market segment, not just a stock or industry.

Total Assets

Total assets include investments, cash, current assets and all other assets. An asset is an economic resource, being anything tangible or intangible that can be owned or controlled to produce positive economic value. The total assets less all liabilities is equivalent to total Shareholders' funds.

Total Return (APM)

Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The total return measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the NAV or share price plus dividend income reinvested by the Company at the prevailing NAV or share price.

NAV Total Return (APM)

NAV Total Return is calculated by assuming that dividends paid out are reinvested into the NAV on the ex-dividend date.

30 September 2021

Closing NAV per share (p)	920.71
Add back total dividends paid in the year ended 30 September 2021 (p)	25.00
Benefits from reinvesting dividend (p)	2.98
Adjusted closing NAV (p)	948.69
Opening NAV per share (p)	694.70
NAV total return (%)	36.56

Share Price Total Return (APM)

Share price total return is calculated by assuming dividends paid out are reinvested into new shares on the ex-dividend date.

30 September 2021

Closing share price (p)	793.00
Add back total dividends paid in the year ended 30 September 2021 (p)	25.00
Benefits from reinvesting dividend (p)	1.99
Adjusted closing share price (p)	819.99
Opening share price (p)	587.00
Share price total return (%)	39.69

Treasury Shares

Treasury shares are issued shares that a company keeps in its own treasury which are not currently issued to the public. These shares do not pay dividends, have no voting rights and are not included in a company's total issued share capital amount for calculating percentage ownership. Treasury shares have come from the buy back from shareholders, and may be reissued from treasury to meet demand for a company's shares in certain circumstances.

Previous Investment Strategy

to 12 November 2020

Investment Objective

The investment objective is to achieve long-term capital growth, principally through investment in securities listed or traded on an Emerging European securities market. The Company may also invest in securities of companies listed or traded elsewhere, whose revenues and/or profits are, or are expected to be, derived from activities in Emerging Europe.

Investment Policy

The Board has agreed the following investment parameters with the AIFM in order to meet the investment objective. In normal market conditions, the portfolio of the Company should consist primarily of diversified securities listed or traded on Emerging European securities markets (including over the counter markets). Equity securities for this purpose include equity-related instruments such as preference shares, convertible securities, options, warrants and other rights to subscribe for or acquire, or relating to, equity securities. The Company may also invest in debt instruments such as bonds, bills, notes, certificates of deposit and other debt instruments issued by private and public sector entities in Emerging Europe.

The Company may from time to time invest in unquoted securities, but the amount of such investment is not expected to be material. The maximum exposure to unquoted securities should be restricted to 5% of the Company's gross assets.

For the purposes of this investment policy the Board has defined Emerging Europe as the successor countries of the former Soviet Union, Poland, Hungary, Czechia, Slovakia, Turkey, the States of former Yugoslavia, Romania, Bulgaria, Albania and Greece. There is no restriction on the proportion that may be invested in each of these countries.

In addition, up to 15% of the gross assets may be invested in other countries* provided that any investments made are in companies listed on a regulated stock exchange.

The Company may also invest in other funds in order to gain exposure to Emerging Europe where, for example, such funds afford one of the few practicable means of access to a particular market, or where such a fund represents an attractive investment in its own right. The Company will not invest more than 15% of its gross assets in other UK listed investment companies (including investment trusts).

The maximum value of any one investment should not exceed 12% of the Company's gross assets, save with the prior written consent of the Board. Where excess occurs due to market movement, the Investment Manager will notify the Board of this and will reduce the holding to below 12% within six months.

In addition to the above restriction on investment in a single company, the Board seeks to achieve a spread of risk in the portfolio through monitoring the country and sector weightings of the portfolio. There will be a minimum of 30 stocks in the portfolio.

Investment Policy

The Company's comparator benchmark was the MSCI Emerging Europe 10/40 Index (the "Benchmark").

* The Board currently intends that the "other countries" for the purposes of the Investment Policy will comprise Bahrain, Egypt, Jordan, Kenya, Kuwait, Lebanon, Mauritius, Morocco, Nigeria, Oman, Qatar, Saudi Arabia, South Africa, Tunisia and UAE.

Directors and Officers

Directors

Frances Daley, Chairman
Vivien Gould
Christopher Granville
Calum Thomson
Nadya Wells

Registered Office

Beaufort House
51 New North Road
Exeter EX4 4EP

Company Secretary

Link Company Matters Limited
Beaufort House
51 New North Road
Exeter EX4 4EP

Company Number

4560726

Alternative Investment Fund Manager

Baring Fund Managers Limited
20 Old Bailey
London EC4M 7BF
Telephone: 020 7628 6000
Facsimile: 020 7638 7928

Auditor

BDO LLP
55 Baker Street
Marylebone
London W1U 7EU

Depositary

State Street Trustees Limited
20 Churchill Place
Canary Wharf
London E14 5HJ

Custodian

State Street Bank & Trust Company Limited
20 Churchill Place
Canary Wharf
London E14 5HJ

Administrator

Link Alternative Fund Administrators Limited
Beaufort House
51 New North Road
Exeter EX4 4EP

Registrar

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL

Corporate Broker

JP Morgan Cazenove
25 Bank Street
Floor 29
Canary Wharf
London E14 5JP

Website

www.bemopl.com

Shareholder Information

Company Number

04560726

ISIN

GB0032273343

LEI

213800HLE2UOSVAP2Y69

SEDOL

3227334

Share Dealing

Shares can be traded through your usual stockbroker.

Share Register Enquiries

The register for the Ordinary Shares is maintained by Link Group. In the event of queries regarding your holding, please contact the Registrar on 0371 664 0300 or on +44 (0)371 664 0300, UK Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales. You can also contact the registrar by email at enquiries@linkgroup.co.uk.

Changes of name and/or address must be notified in writing to the Registrar: Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Electronic Communications from the Company

Shareholders now have the opportunity to be notified by email when the Company's Annual Report and other formal communications are available on the Company's website, instead of receiving printed copies by post. This has environmental benefits in the reduction of paper, printing, energy and water usage, as well as reducing costs to the Company. If you have not already elected to receive electronic communications from the Company and wish to do so, please contact the Registrar using the details shown above. Please have your investor code to hand.

If you hold shares via a nominee, it is the responsibility of the nominee to provide you with copies of the Annual Report and any other documentation.

NAV Information

The Company releases its NAV per share daily to the LSE.

Share Price

The Company's shares are listed on the LSE.

Annual and Half Year Reports

Copies of the Annual and Half Year Reports are available on the Company's website, www.bemopl.com, or from the Secretary on telephone number 01392 477571.

Financial Calendar

	Date*
Annual General Meeting	January 2022
Announcement of interim results	May 2022
Interim dividend	May 2022
Announcement of final results	November 2022
Annual dividend	December 2022

* These dates are provisional and subject to change.

BARINGS

Baring Asset Management Limited

20 Old Bailey
London EC4M 7BF
Telephone: 020 7628 6000

(Authorised and regulated by the Financial Conduct Authority)

www.barings.com

ISIN GB0032273343
Registered in England and Wales no: 02915887
Registered office as above.